

REPORT OF THE COMMITTEE APPOINTED BY
THE GOVERNMENT OF BOMBAY TO CONSIDER
AND REPORT ON THE QUESTION OF THE
EXTENSION OF THE PRINCIPLES OF LOCAL SELF-
GOVERNMENT IN REGARD TO LOCAL BOARDS

BOMBAY PRESIDENCY



VOLUME I

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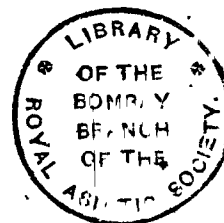
COMMITTEE APPOINTED BY GOVERNMENT RESOLUTION

No. 6444, DATED 18TH, AUGUST 1915.

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LIST OF CORRECTIONS TO THE LOCAL BOARDS
COMMITTEE'S REPORT.

Page 1, paragraph 3 (b)—*for* “department” *read* “departments”.

Page 13, paragraph 53, line 1—*for* “regards” *read* “regard”.

Page 13, paragraph 57, line 2—*for* “Cómmission” *read* “Commission’s”

Page 14, paragraph 58, line 1—*for* “district” *read* “districts”.

Page 14, paragraph 60—the dagger placed against “Subsequently” in line 6 should be read after “Superintending Engineer” in line 8.

Page 15, line 2—*for* “Governmen” *read* “Government”.

Page 15, paragraph 63, line 1—*insert* the word “the” between “under” and “existing”.

Page 16, paragraph 70—the asterisk appearing against the word “Statistics” in line 5 should be read against the words “These facts” at the beginning of the next sub-paragraph.

Page 18, paragraph 75 (1), line 5—*for* “Agency” *read* “agency”.

Page 18, paragraph 76, line 9 *for* “provincial” *read* “Provincial”

Page 19, paragraph 81, line 2—the asterisk placed against “We” should be read against the last preceding word “continue” in the same line.

Page 20, line 10—*insert* a dash between the words “wells” and “but”.

Page 21, paragraph 88—the asterisk appearing against “The Royal Commission” in line 3 should be read against the words “In reply” in line 8.

Page 26, paragraph 108, line 9—*for* “east and west” *read* “East and West”

Page 31, paragraph 120, line 2—*for* “excise” *read* “Excise”.

Page 58, paragraph 1, line 9—*insert* the word “content” between the words “remained” and “and”.

REPORT.

Introductory remarks.

We, the members of the Committee appointed to consider and report on the extension of Local Self-government in the Bombay Presidency, have the honour to submit the following report :—

2. The task entrusted to us was defined in Government Resolution *No. 6444, dated 18th August 1915.

Questions were prepared and issued to district officers in August, and written answers have been received from about 280 witnesses. On September the 23rd the Committee met in Poona. His Excellency Lord Willingdon met and addressed a few words to the members of the Committee before the proceedings opened. Our sittings continued till October the 1st, and nine witnesses, chiefly Heads of Departments, were examined orally. We met again on October the 18th and examined 12 non-official witnesses.† We have since sat from 21st October to 3rd November and considered and prepared this report.

3. Government have observed that the administration of the boards shows a lack of interest on the part of the non-official members and an almost complete apathy on the part of the electorate. This lack of interest and apathy have been attributed by critics to the following causes :—

(a) The domination—real or supposed—of the official element on the boards ;

(b) The excessive degree of control by Government and Government officers and department ;

(c) The lack of sufficient funds, and the necessity of spending an inordinate proportion of what funds there are upon unavoidable current operations ;

(d) The absence of any power of raising additional revenues.

These causes produce a situation in which members of the boards find that they have insufficient scope for activity ; in fact, there is little in which it is possible for them to take any interest.

The general statement that Local Boards have been a failure is framed in terms far too sweeping. There has been no failure as regards administrative and executive efficiency. The supposed inefficiency of Works Committees, and the failure of the members of such Committees to watch details of construction, have been often criticised. But it is a question whether we have not been expecting from private individuals work which they really cannot be expected to do, and which they are perhaps well advised to leave alone. In our judgment a Local Board should be primarily an administrative and deliberative body, and may ordinarily leave the details of executive action to a properly organized professional staff.

4. The recommendations of the Committee are necessarily and purposely elastic. They recognize that the proposed reforms cannot be introduced everywhere and at once.

These considerations apply with special force to the Province of Sind where circumstances are admittedly very different from those of the Presidency proper. These local peculiarities demand local consideration and the extent of the applicability of the principles and proposals of the Committee's report to that Province must be determined there.

* *Vide* Appendix A.

† *Vide* Appendix B.

5. The administration of Local Boards in this Presidency is governed by Act I of 1884 and the unrepealed portions of Act III of 1869. It will be convenient to consider the system thus set up under three main heads—

- (a) Constitution ;
- (b) Functions ;
- (c) Finance.

CHAPTER I.

Constitution.

6. The Boards are now known respectively as District Local Boards and Táluka Local Boards. It is suggested that in future the term "District Council" should be applied to the District Local Board, as being a term of greater dignity, and the term "Local Board" should be applied to Táluka Local Boards for the sake of brevity and distinction. And this nomenclature is employed in this report. The title of the new Act may also be altered to the Local Self-Government Act. And we consider that it is very important that the Act should also deal with Village Pancháyats. We invite attention to the legislation on the subject contained in—

- (1) the Madras Act, V of 1884,
- (2) the Bengal Act, III of 1885, and
- (3) the Assam Self-Government Act, I of 1915.

7. In every District Council and in almost every Local Board, one-half of the members exclusive of the President is elected. One-half is nominated; and of the nominated portion something over a half is ordinarily non-official. The President is actually in every case an official, although the law permits the nomination of a non-official President. Thus, with the nominated official President, the elected element is always in a minority of one. Moreover, the centralization of the executive power in the Collector-President is alleged by certain critics (*i. e.*, the late Mr. R. C. Dutt, member of the Decentralization Commission) to be the main cause of the want of progress of self-government in these bodies.

The views of the Decentralization Commission are contained in *paragraphs 789, 794-7 of their report.

8. The problem may be resolved into several distinct issues :

- (1) Whether there should be an elected majority, and, if so, of what proportions;
- (2) Whether, with an elected majority, it is necessary to create special constituencies;
- (3) Whether such special constituencies should make provision for the representation of any communities or sections;
- (4) Whether the President or Vice-President should be officials or non-officials, and, in the latter case, whether they should be nominated or elected.

†9. The evidence of the gentlemen consulted shows a wide diversity of opinion on these points. It is universally admitted, however, that the conditions of different districts vary widely, and that even within the same district the conditions of different tálukas vary widely. It is impossible to apply the same system universally and it is necessary to retain in the hands of Government power by rule to apply different systems suited to different conditions. We desire to point out that even in England there exists a similar necessity for differential

* For para. 794 *vide* Appendix C and for paras. 789 and 795 to 797 *vide* pp. 194 and 41 and 42 of Cumming's Local Board Manual.

† The Honourable Mr. Patel dissents.

treatment, and we venture to quote the following passage from the Report of the Departmental Committee on Local Taxation of 1914 :—

“ But thirdly, owing to the great diversity of character shown by local authorities, and the great differences in their circumstances, the same degree of control is not necessary in all cases. One authority may be allowed a discretion in a certain matter which it would be dangerous to give to another. The decision as to exactly how much responsibility should be allowed to each authority must, therefore, rest largely with the Government Department concerned. But we would urge that the general line to be followed should be to allow as much responsibility and independence as is compatible with the best interests of the service. With broader areas of administration we are confident that many of the details now dealt with by Government Departments could safely be left to local authorities, leaving to the Departments their proper function of guidance and control in matters of principle and general policy.”

*10. We start with the proposition that under present conditions a minority nominated by Government is indispensable. The power of nomination has been and will continue to be necessary to find places on the Boards both for representatives of special sections of the inhabitants and for gentlemen who for diverse reasons have been unwilling to submit themselves to election by the ordinary territorial constituencies. It is beyond question that such nominated gentlemen have in some cases proved to be amongst the most valuable members of the Boards. It would be invidious to mention many names, but the outstanding example is the late Honourable Mr. G. K. Gokhale, whose services might have been lost to the country had he not been nominated to be a member of the Poona Municipality. It is possible, however, that if special constituencies are created, this disinclination to stand for election may gradually disappear; and if in special cases these special constituencies include a Mahomedan constituency, the interests of that community which in certain areas is deficient either in numbers or in organization may be regarded as secure without the continuance of the protection afforded to it by nomination. Holding these views we recommend a reduction of the proportion hitherto nominated.

11. The danger of arousing sectional antagonism through community representation has been forcibly pointed out. We are inclined to think that this danger has been exaggerated and that bitter sectional feelings are not less likely to be created where two rival communities find themselves pitted against each other in an electoral contest of which the result is considered by the minority to be a foregone conclusion. The danger which would arise from the omission to safeguard the interests of the weaker community is, in the opinion of the majority of this Committee, the greater evil of the two. It is admittedly a choice of evils; and it is necessary to confine community representation to the smallest extent compatible with the recognition of interests which might otherwise be ignored. Feeling runs strong and deep on either side, but it would be wise and politic for the stronger party to placate the active resentment of the weaker party, and to sacrifice their adherence to a theoretical principle in order to leave no sense of grievance to cause disunion in the general body.

12. It is understood that this general question is still under the consideration of the Government of India. The Royal Commission expressed their approval in the following emphatic passage (page 264) :—

“ Having regard to the very different circumstances of different areas, we think it essential that the system adopted in each should be such as to provide for the due representation of different communities, creeds and interests. It has always been recognized that it is the duty of British administration to protect the interests of the various communities in India, and to secure impartial treatment to all. Moreover, in the cognate matter of the selection of members for Legislative Councils, the discussions which resulted in the passing of the Indian Councils Act of 1892 embodied the emphatic testimony, not merely of distinguished Anglo-Indian officials, but of British statesmen, as to the necessity for securing special representation

* The Honourable Mr. Patel and the Honourable Rao Bahadur Sathe dissent from the last five lines of this paragraph.

of Muhammadan and other minorities, and as to the danger of allowing undue predominance to any one class."

The evidence taken by the Commission in the Punjab indicates the success of the system which has long been established there. And finally, in respect of the Imperial and Provincial Legislative Councils, the principle has been admitted by the Government of India and the Secretary of State.

13. On these considerations, therefore, the Committee recommend that :

(1) the proportion of elected members should not be less than two-thirds of the whole ;

(2) the remainder of the members should be nominated, provided that the number of nominated officials shall not exceed one-sixth of the whole Board ;

(3) not less than one-half of the persons elected shall be elected by territorial constituencies, including the more important Municipalities or a group of minor Municipalities ;

(4) the remainder of the persons elected should be elected by special constituencies ; *e. g.*, Inámdárs and Jahágirdárs, persons holding educational qualifications, title-holders, honorary magistrates, and the Mahomedan community.

14. These recommendations may be illustrated by an example. Take a district with 8 tálukas and 3 municipal franchises. Each táluka and each municipal franchise would elect one member—11 in all. Special constituencies might be represented as follows : Inámdárs, 2 ; persons holding degrees and diplomas of the University, barristers and pleaders, 2 ; title-holders and honorary magistrates, 2 ; recognized associations, such as the Co-operative Credit Societies, District Sanitary Association, District Agricultural Association, 3 ; the *Mahomedan community 2 : total 11.

It is unnecessary to enter into details of how these elections by special constituencies should be conducted. Certain hostile critics anticipate difficulties. But it is sufficient to point to the existing system of election of Inámdárs for Local Boards and of Mahomedans for the Legislative Council, and to the system in vogue in the Central Provinces of election by village headmen.

There remains a balance of one-third for nomination ; and in the case taken for illustration, this balance might consist of five nominated officials and six nominated non-officials.

It will be observed that this scheme suggests a District Council of 33 members. District Councils at present comprise for the most part from 20 to 25 members, while in the Panch Maháls there are only 10 members, and in Násik there are 31. It is suggested that no Council should exceed 40 members, and that ordinarily about 30 would be a suitable number.

15. The Mahomedan members of our Committee desire to lay stress on the necessity for a larger representation of their community than would be afforded by the example in paragraph 14. It is a point that must be left for detailed settlement to the discretion of Government. In certain cases a larger representation may be necessary ; in other cases a smaller representation or no representation. The main consideration is the admission of the principle, and if the law is worded with the latitude already accepted in section 11 (c) (2) of the Municipal Act, quoted below, and rules thereunder are framed in accordance with our recommendations, the situation will be fully met :—

"The Governor in Council shall from time to time generally or specially for each Municipality . . . make rules consistent with this (District Municipal) Act . . . prescribing the number to be elected by the rate-payers or by sections of the inhabitants or by public bodies or associations, if any, and the qualifications of candidates and of voters"

16. The question of the President and the Vice-President may next be considered. There is a general consensus of agreement that the Vice-President should be an elected non-official and that ample powers should be delegated to

* The Honourable Mr. Patel and the Honourable Rao Bahadur Sathe dissent.

him by the President, if the President is an official; in fact, that it should be recognized that it is the duty of the official President to train the non-official Vice-President in methods of administration. Orders to this effect which are quoted below were issued by Government in Government Resolution No. 2833, dated 7th May 1887:—

“Section 29 (b) of the Local Boards Act contemplates the deputation of powers and duties by every President of a Local Board to the Vice-President as an ordinary feature of the administration; and if, in addition to the powers and duties deputed to the Vice-President absolutely, the President were to depute to him certain other powers and duties to be exercised and performed by him only when the President himself is absent from the Head-quarters of the Board or from the District, such deputation would hold good during any temporary vacancy in the office of the President;”

but these orders have remained practically a dead letter. Where the President continues to be an official, these orders should now be enforced.

17. In regard to the position of the President, the Government of India in paragraph 28 of their Review, dated 28th April 1915, summarize the arguments and conclusions as follows:—

“The Commission were of opinion that an official should remain, as he usually is at present, Chairman of every District and Sub-District Board. They considered, that the removal of the District and Sub-Divisional officer from the Presidentship of rural board would have the effect of dissociating them from the general interests of the District in such matters as roads, education, sanitation, etc., and would divorce them from healthy contact with instructed non-official opinion. They differentiated the circumstances of rural boards from those of Municipalities, in that the latter are less connected with general District administration, that they have reached a higher level of political education, and that the jurisdictional area is much smaller and more compact. All Local Governments have accepted this view with which the Government of India are in agreement, though they will have no objection to non-official Chairmen being retained where such exist, or appointed where a Local Government or Administration desires to make the experiment.”

*18. Some districts are no doubt perfectly satisfied with the present law and practice; and it would clearly be impolitic to force upon them changes which they do not desire. The problem affects only those districts where education is advancing and public spirit awakening and where there is some reasonable expectation of finding men of position, capacity and leisure, willing and able to give their time and energy to public affairs. In such districts, should the Collector still continue to be the President of the District Council, or should he give place to a non-official? Should such a non-official President be nominated or elected? What, finally, should be the position of the Collector with such a non-official President at the head of the Council?

19. The following table summarises the opinions on these points of our witnesses, official and non-official:—

		Official opinions.			Non-official opinions.		
		Total number of opinions.	In favour of Non-official Presidents of		Total number of opinions.	In favour of Non-official President of	
			D. L. B.	T. L. B.		D. L. B.	T. L. B.
Northern Division ...	...	27	7	10	35	20	23
Central Division ...	...	35	9	6	38	20	18
Southern Division ...	...	38	9	15	36	17	21
Bombay City ...	...	...	...	...	8	7	7
Sind ...	...	26	2	3	29	...	7
Total ...	...	126	27	34	146	64	76

* The Honourable Mr. Patel dissents.

It will be seen that while there is a majority of non-official opinion in favour of non-official Presidents yet there remains a substantial minority of non-officials who are in favour of official Presidents.

Official opinions by a substantial majority are in favour of retaining official Presidents.

20. It has indeed been argued that to appoint any one other than the Collector would be inconsistent with all present arrangements and with the whole spirit of the administration, and would only be possible at a stage of development where the administration of a district will proceed efficiently without the concentration of power and supervision in the hands of a personal executive chief. Without accepting this extreme opinion we think that the change from the Collector-President to the non-official President should not be made except with caution and by way of experiment in advanced districts. This experiment, however, we have decided to advocate.

*21. If the President is to be a non-official, we think that the precedent of the practice adopted in regard to municipalities may well be followed. In the first instance the President should be nominated, and subsequently when experience has been gained, the President may be selected by the Board subject to the approval of Government; this process leading eventually to free selection.

22. If the Collector is not President we are generally agreed that it would be better for him to cease to be a member of the Council. What in that case should be the nature of his official relations with the Council and its non-official President? It need hardly be stated that there will always be a possibility of a wide sphere of influence in the Collector's unofficial and informal relations but this must of course depend on the variable factors of the personality of the Collector and the non-official President. Two alternative schemes have been advocated and vigorously debated in our Committee.

In the first scheme the Collector's relations with the Council and its President would be almost identical with his relations with a municipality and its non-official President. The executive and clerical establishments of the Council would be directly responsible to the Council and President. And the Collector would have no official power or influence except the powers of control vested in him by Chapter VII of the Act.

23. The second plan has been suggested by the constitution of the Bombay Municipal Corporation, or the Local Administration in France. In Bombay the Municipal Commissioner is an officer of Government lent to the Corporation. The Corporation has its own President, and determines all questions of policy. The Municipal Commissioner is the head of the executive. He is bound to carry out the decisions of the Corporation. In France, the Prefect, who corresponds to the Collector, is an officer of the Central Government. He is the head of the executive, and is bound to carry out the decisions of the Local Council. In the Corporation, the Municipal Commissioner attends the meeting and advises the Corporation, but is not responsible for the conduct of the meeting. In France, the Prefect attends the meetings and has the powers of reference to the Central Government in cases of disagreement. (*Vide* Chapter II of Local and Central Government.—Ashley.)

24. Under this second scheme the Collector would continue to control the executive and clerical establishments of the Council and would have the statutory right of attending any meeting of the Council and taking part in its discussions but not of voting. The Council and its President under this scheme would be free to frame their own budgets and to shape their own policy. They would draw up programmes of works and expenditure but they would delegate to the Collector as an expert administrator the duty of supervising and controlling the execution in detail of that policy and those programmes.

25. In favour of the first scheme it may be argued that analogous arrangements in the municipalities have worked with a reasonable measure of

* The Honourable Mr. Patel dissents.

success. *Per contra* it must be admitted that the connection between the local board administration and establishments and the offices and establishments of the Collectors and Mámlatdárs has for a long series of years been very close and intimate. In some districts the local board establishments have actually been graded in the same cadre along with the Collectors' revenue establishments. In the case of Municipalities this close connection and this dependence on official machinery have never existed to the same extent. Therefore* we are of opinion that it would be unwise to run the risk of endangering the success of local self-government by so sudden a severance and breach of continuity.

26. The second scheme meets with opposition from two divergent points of view. Firstly, it is contended that the presence of the Collector at meetings would be incompatible with the independence of the President of the Council, and would overawe the Councillors: freedom of speech and independence of action would be impossible. On the other hand, it is contended that it would be injurious to the authority and position of the Collector as the chief local representative of Government to receive instructions to carry out a policy which he disapproved, and that it is illogical to assign to an executive officer the powers of control conferred by Chapter VII of the Act.

†27. Experience has shown that complete freedom of speech and independence of action are not incompatible with the presence of the Collector just as the adoption of measures in contravention of his advice is not necessarily incompatible with the maintenance of his authority. It is most important that the officers of Government should exercise their influence in local administration by persuasion rather than by authority and that local bodies should learn to conduct their own affairs, aided by the counsel and information of wider experience with ample liberty for the exercise of their judgment. Local bodies fulfil their most useful functions in the determination of policies, but are seldom competent to carry out executive action.

A further argument in favour of this second scheme is that it minimises the difficulties of the transition stage. *It is a half-way house from which after sufficient experience and training an advance may be made later on to the first scheme which gives in effect the more complete autonomy which prevails in City Municipalities.

28. The introduction of Local Government into India is based on the Western science of administrative decentralization, and it is necessary, therefore, to study closely Western precedents and to adapt them with caution to Indian conditions. A closer parallel will be found to Indian conditions of public life in France than in England; and the French system is by universal consent more complete and logical than the English. Both are, of course, governed by historic traditions, and an analysis of the difference would be out of place here. If the analogy be admitted, then, since Local Government is undoubtedly a living thing in France‡ it would appear to be unobjectionable to model the new system for advanced districts on the French pattern.

29. At this point reference is necessary to the discussion held by the Royal Commission on the comparative merits of the District Council or a Local Board as the best agency for local Government. In paragraphs 732 to 740 the position in various provinces was reviewed; and the Commission decided that while they did not wish to eliminate the district board as the direct instrument of Local Self-government, they desired "to see sub-district boards universally established, as the principal agencies of rural board administration". Further, they did not approve of sub-district boards being "mere Local agencies for the board of the whole district"; they wished that these sub-district boards should have "independent resources, separate spheres of duty, and large responsibilities within these; while the district board should possess co-ordinating and financial powers in respect to the district as a whole". They hoped thus to "maintain the administrative unity of the district, while giving a large amount of autonomy to the boards of its constituent areas".

* The Honourable Rao Bahadur Satho dissents.

† The Honourable Mr. Patel dissents.

‡ *Vide* Appendix D.

30. Whatever the theory may be it can hardly be said that in actual practice the existing situation in this Presidency accurately corresponds with these views.

It has been represented from many quarters that Táluka Boards have been starved in respect of funds and assigned little or no responsibilities by their District Local Boards. It is not a question as to whether greater importance should be attached to the functions now discharged by the District Local Boards. As between the District Council and the Local Board, we hold very strongly that the District Council may be given precedence. This Council already attracts to itself men of higher status, of better education, of wider knowledge of the world and of public affairs, than can ordinarily be found within the limits of a táluka. There is a general consensus of opinion amongst the witnesses consulted that the progress of local Government is bound up with the development of the District Council.

31. It has further been urged upon us that Local Boards might be abolished and their place taken by a system of Village or Union panchayats, while in localities where conditions are unfavourable to the constitution of such Union panchayats, work might be carried on by Committees of the District Council, with the assistance of co-opted Local members. We are cordially in favour of the creation of Village panchayats, but do not consider that it will be possible within the near future for such panchayats to cover an appreciable extent of the country.

Such panchayats have been in process of formation in the Madras Presidency for 30 years, and now number about 400. The number of villages comprised in these 400 panchayats is not stated in any report available to us, but an outside limit of 2,000 villages may be assumed; while the total number of villages in the Madras Presidency exceeds 50,000. Even though the panchayat villages would necessarily be the largest and most important, it is doubtful whether these panchayats cover one-quarter of the total area.

32. It is desirable, however, to make the contemplated panchayats where they are established the first link in the chain of Local Self-Government organization. We think there is considerable force in the views set forth in paragraph 699 of the Report of the Royal Decentralization Commission, paragraphs 85 to 89 of the General Summary of the same Report, and the letter of Sir Frederick Lely, Commissioner, N. D., in 1897, which are reproduced on pp. 192, 193 and 130 of Cumming's Local Board Manual. *A system under which villages scramble for allotments from the scanty funds of the Táluka Local Boards is calculated to undermine their sense of responsibility and villagers must be brought to recognize that they cannot expect their local wants to be satisfied without local effort and sacrifice. Very commonly people will not even contribute until they despair of the whole cost of an improvement being met from Táluka Local Board funds or until their want is intolerably pressing. People can hardly be expected to do what someone else may do for them or pay when there is always a chance of someone else paying for them, if they are only sufficiently importunate.

33. In regard to the suggestion that Local Boards perform no useful function for want of funds and independent responsibilities, it is clear that conditions vary in different tracts; and it is probable that certain District Councils have been overcentralized; but where a wise system of delegation of powers obtains, there can be no doubt that Local Boards, with their closer acquaintance with the needs of localities, can be entrusted with useful functions, not merely as agents to carry out the bidding of District Councils, but also as delegated authorities to decide the merits of conflicting claims. The bald fact recorded in the annual reports that while District Councils meet only two or three times a year, Local Boards meet 6 to 10 times a year, establishes a clear presumption that they have duties to perform and do not neglect them.

34. We are not prepared, therefore, to recommend the abolition of Local Boards. The destruction of a valuable existing agency of Local Government

* The Honourable Mr. Patel and Mir Ayub Khan dissent.

before the road to the construction of an efficient substitute is clear appears to us to be most inadvisable. *We are further of opinion that the Local Board should maintain its present relations to the District Council. It should be the agent of the District Council, entrusted with such powers as may be held by its superior authority to be within its capacity to execute. Devolution will no doubt follow as the District Councils gain experience in the best method of public administration. But we see no reason for any modification in the existing law and rules in this respect.

35. On the assumption, then, that these Local Boards will be maintained, we proceed to discuss their constitution. They consist for the most part of 12 to 15 members; and, as in the case of District Councils, exclusive of the President, one-half is elected, and one-half is nominated, with the exception of a very few tracts where all are nominated. The President is almost invariably the Sub-Divisional Officer. The Vice-President is always elected; but in approximately four cases out of five the Mámlatdár is elected.

*36. The discharge of the functions of the Vice-President of a Local Board requires a man with leisure, vigour, aptitude for public affairs, and public spirit; and it is clearly established by the general body of opinion that this combination of qualities cannot often be found. Where it is found, there seems to be no disinclination either on the part of the officials or on the part of the local bodies to utilize such services. The law on the point is already sufficiently elastic: it permits the election of the President when the Government so authorize; and it compels the election of the Vice-President. In the Province of Sind opinion is almost unanimous in favour of the retention of the Sub-Divisional officer in the post of President. A general rule that the post whether of President or Vice-President must be held by a non-official would lead to serious consequences in many Tálukas, where no gentleman with an aptitude and inclination for public business can be found. We are constrained, therefore, to recommend that the law stand unchanged, but that executive orders be given that no official should be permitted to serve as Vice-President, where a suitable non-official gentleman can be found.

37. In regard to the President, in some few cases in the Presidency Proper, a non-official gentleman with the necessary qualifications may be available, and should be accepted. The Royal Commission recommends (paragraph 797) that a Sub-Divisional officer should not be President of more than one Sub-District Board. In this recommendation we are unable to concur. If an official is to be President we are strongly of opinion that he should be the Sub-Divisional officer rather than the only other available substitute, the Mámlatdár.

In any event we assume the delegation of very considerable powers to the Vice-President, official or non-official, so that the fact of the Sub-Divisional officer's being President of more than one board is not likely to interfere with the prompt or efficient disposal of work while he is in touch with and equally interested in all the tálukas of his charge.

38. In this case also, we consider that there should be a majority of two-thirds elected, and recommend that the number of the Board should ordinarily be about 18, *e. g.*, 6 might be nominated of whom not more than 3 should be nominated officials. One-third should be elected by territorial constituencies, and one-third by special constituencies. We are of opinion that section 6 of the Local Boards Act may be amended so that every municipality within a táluka should have a right to return one representative on the Local Board.

39. The exact determination of the special constituencies must be settled by Government in accordance with varying local conditions; by way of illustration merely we suggest the following:—One seat for Inámdárs and Jahagirdárs; 1 for titleholders and honorary magistrates; 2 for persons with educational qualifications; and 2 for the Mahomedan† representation.

* The Honourable Mr. Patel dissents.

† The Honourable Mr. Patel and the Honourable Rao Bahadur Sathe dissent.

40. We recommend that in section 10 of the Act the qualifying limits mentioned in clauses 1, 2, 3 and 4 should be brought down to Rs. 16, Rs. 2,500, Rs. 250 and Rs. 20, respectively. We are also of opinion that the mere fact of imprisonment by a Criminal Court should not disqualify a person from a seat on the Local Board unless the conviction is for a serious or heinous offence involving moral turpitude. We therefore recommend that clause (c) of section 11 may be so amended as to relax its rigidity in this respect. We further recommend that section 18 (1) be amended as follows:—

(1) Every person possessing the qualifications described in any of the clauses 1 to 7 of section 10: provided that persons who possess the qualifications described in clause (1) reside within the group of villages or within any Municipal District situated in the group of villages for which the list is prepared.

Provided also that in the case of persons possessing the qualification described in clause (2), the holding or immoveable property in respect of which he is so qualified is without the limits of a Municipal district containing more than 5,000 inhabitants.

41. A matter of some importance in our opinion is to empower District Councils to reimburse to members whether of the District Council or a Board the expenses of journeys undertaken on public duty with the sanction of the Council or Board. We consider it necessary to maintain the principle of unpaid service as members of Boards or Committees, and we do not suggest that journeys for the purpose of attending meetings should be paid for; but when a District Council or Local Board by a special resolution requests its officers or the members of a special Committee to visit any area for a definite purpose, it is reasonable in our judgment that the expenses should be met from the public funds.

42. Both the District Council and the Local Boards should be authorized to constitute special committees with the help of persons other than councillors. Section 31 of the Municipal Act grants this power to a Municipality. Later on we suggest the constitution of a School Board so enlarged to be a Committee of the District Council.

43. It remains to consider the executive staff of the District Council and of the Local Board. The benefit conferred upon the existing District and Taluka Local Boards by the unpaid services of the Collector, the Sub-Divisional Officer and the Mámlatdár is perhaps somewhat inadequately recognized. There is no doubt that whatever justification there may be for the criticisms brought against the administration of these bodies from the point of view of self-government, local affairs have been administered with remarkable efficiency and economy; and the advantages which the people have derived in the solid returns from the expenditure of their funds deserve the gratitude even of these critics. Reforms which deprive the people of these gratuitous services cannot be commended on the score of economy.

We recommend later on that the district Councils should in certain districts establish an Educational and Public Works staff of their own; and the responsibilities connected with their administration will require the appointment of a competent Secretary corresponding to the Chief Officer of the more important Municipalities. This officer would also be the Secretary to the several Committees.

*44. It has been suggested that it is advisable that the whole of the accounts work of the district Council and the Local Board should be separated from the Revenue offices. It is certainly advisable that the non-official President of a reformed District Council should have a separate office for himself and his staff. But we do not consider it necessary to carry this separation down to the Taluka offices, or to remove the funds either of the District Council or of the Local Board from the custody of the Government Treasury Officers. This custody is retained even in the case of Municipalities, and constitutes no encroachment upon the independence of the Local Body. Even where the Collector remains the President

it would be convenient that the District Council staff should have a separate room and be readily accessible to the non-official Vice-President and Members of the Council.

*45. We come now to the difficult question of control of local authorities by the central authority. The existing powers are contained in sections 62 to 67 of the Act. They enable the Collector to inspect and supervise the actions of a Board, and to give advice to the Board; further, to suspend the execution of any act which is likely to cause injury or annoyance to the public, or to lead to a breach of the peace; further, in case of emergency, to take action at the expense of the Board. The Commissioner may prevent extravagance in the establishments entertained by a Board; and the Governor in Council may direct the execution of any duty imposed upon a Board at the expense of the Board, and in the last resort may supersede a Board.

*46. The Royal Commission, in paragraph 803, approved of the retention of these powers of intervention, but in other paragraphs suggested the grant of a large measure of independence, *e. g.* (paragraph 749), that in regard to public works "district and sub-district boards should have full powers in the allotment of funds, and the passing of estimates for works, within their respective spheres of duty"; (paragraph 780) that "rural boards should have the full power to pass their budgets, subject only to the maintenance of a prescribed minimum"; (paragraph 778) that "rural boards should have full discretion as to the spending of their resources"; adding, however, that they provided later on "for intervention in case any service is found to be seriously neglected".

*47. It appears to have escaped the attention of the Royal Commission that in the Bombay Act this power of general intervention is restricted to the Governor in Council, and that the Collector can only deal with serious neglect in matters necessary to the health or safety of the public. Neglect in regard to the maintenance of a road or the provision of a school would, therefore, fall outside the power of the Collector or the Commissioner. In this respect the Bombay law differs from the law which has been in force in Madras and the Central Provinces for the last thirty years: *Cf.* section 38 of Madras Act of 1885 and section 30 of the Central Provinces Act I of 1883. Whereas in Bombay the Collector possesses extraordinary powers in case of emergency in matters necessary for the health or safety of the public, in Madras and the Central Provinces, he has these powers in matters necessary for the service or safety of the public.

*48. It has been strongly urged upon us that this large measure of independence is necessary to the vitality of Local Self-government, and we have found it necessary to debate the question from the first principles of administrative science and experience. Local Self-government outside village communities is a Western exotic, and the principles which govern its application can only be deduced from the practice of Western countries. The systems of the European continental nations provide for an elaborate and detailed control by the representatives of the Central Government. In England, owing to differences of historic evolution, central control has in the past been weaker than on the continent; but year by year, as, in order to improve the efficiency of their services, local authorities find it necessary to depend more and more on grants from the national exchequer, the bonds of control by the representatives of the nation are constantly being tightened.

* This contention, therefore, asks us to abandon a system towards which English administrative science is gradually progressing, and to surrender precautions which are considered necessary in the leading countries of Europe. The vitality of Self-government in these countries cannot be questioned; and we cannot admit the validity of a plea that the continuance of a similar system is injurious to Self-government in this Presidency.

*49. We would not have considered it necessary to elaborate the fundamental proposition that the central control of the national Government is indispensable, but we find that serious misconceptions have been created owing to the ambiguity of the remarks of the Royal Commission on this point; and we ask leave, therefore, to refer to certain well-known authorities.

(*Final Report of Local Taxation Commission (England), 1901, page 82*):—

“In the administration of national services it is of the utmost importance that the central Authority should endeavour to secure uniformity, efficiency and economy, and with this object I am of the opinion that it should be invested with extensive powers of control.” Lord Balfour of Burleigh (with the concurrence of Sir George Murray and Sir Edward Hamilton).

(*Grants-in-aid by Sidney Webb*):—

“The claim for complete local autonomy for the freedom of the inhabitants of any particular place ‘to do what they like with their own’—is incompatible with national well-being.” (Page 23.)

“The community as a whole has a right to satisfy itself, by the inspection of the expert officers of the central departments concerned, that the service is performed at least up to the extent and with at least the degree of efficiency that the community may, in its own interests, from time to time prescribe.” (Page 86.)

(*Ashley, pages 234-5.—Local and Central Government*):—

“In the interest of the whole nation it is necessary to secure that local authorities shall maintain a minimum standard of efficiency and that there shall be uniformity in the conduct of at least some public services.”

*50. In accordance with the view which we have thus been led to take of the relations which should prevail between the central and the local authorities, we are constrained to submit that the extension of the powers of the local authorities which we recommend must be accompanied by a strengthening of the powers of control of the central authority. It is obvious that in the past the strongly officialised character of the Boards has dispensed with the need of outside control; and that the public interest demands that if internal control be surrendered, external control must be strengthened. We would invite attention to the Assam Local Self-government Act of 1915, and consider that the powers therein contained in Chapters IX and X might be adopted as a model in the legislation that will be necessary.

51. We also recommend provisions similar to those contained in clauses (b) and (e) of section 7† of the Assam Act. It is of great public importance that members of Boards should command public confidence and be zealous in the public service. Instances are known where men have secured appointment to a Board for the sake of the dignity attaching to the position and have then totally ignored their responsibilities. Under the Municipal Act, section 15 (2) prescribes for the removal of a councillor from office under certain conditions. This power does not exist in the present Local Boards Act and should be taken. In this connection we concur in the remarks of the Decentralization Commission in paragraph 798 of their report. ‡ We would thus go further than has been proposed by Government in paragraph 32§ of their letter No. 7273, dated 10th October 1913, for we consider it unnecessary and undesirable to wait for the recommendation of the Local Body in a matter of this kind.

52. On the question of the financial control to be exercised by the District Councils over Local Boards we recommend that section 55 of the present Act be so amended as to give the latter full power to pass their budgets. The Decentralization Committee state: “In our opinion Rural Boards should have the full power to pass their budgets subject only to the maintenance of a prescribed minimum balance which they should not deplete without the sanction of the outside authority.”

* The Honourable Mr. Patel, the Honourable Rao Bahadur Sathe and Mir Ayub Khan dissent.

† *Vide* Appendix E.

‡ The Honourable Mr. Patel and the Honourable Rao Bahadur Sathe dissent.

§ *Vide* Appendix F.

53. * With regards to sections 2 and 69 of the present Act, we submit that no rules made by Government should have a legal binding force until the public have had an opportunity of expressing an opinion thereon.

CHAPTER II.

Functions.

54. The functions of District Councils may be considered under the following heads:—

- (a) Public Works.
- (b) Educational.
- (c) Medical.
- (d) Sanitary.
- (e) Veterinary.
- (f) Agricultural.

(a) PUBLIC WORKS.

55. The recent history of the discussion may be summarized as follows:— In 1908 the Bombay Government considered that the time had not arrived for increasing the powers of Local Boards in this matter. In 1909 the Decentralization Commission (*vide* paragraph 749) suggested that all restrictions upon the preparation of plans and estimates and on the execution of works should be swept away, and that district and sub-district boards should have full powers in the allotment of funds and the passing of estimates within their respective spheres of duty. In 1913 the Government of Bombay objected to the engagement of Engineers by Local Boards on the ground, chiefly, that it would involve a duplication of staff for the performance of the same amount of work (paragraph 15* of letter No. 7273, dated 10th October 1913). An exception was admitted in the case of Sind where a proposal for a joint staff for the whole province was approved. The Government of India (paragraph 34) rejected the view of the Commission, but agreed that in rich and heavily worked districts a District Board might entertain a trained Engineer, and that the extent of financial control might be varied in special cases.

56. Certain modifications in the law and in the executive orders of Government are now, we understand, under the consideration of Government.

Government have proposed to amend section 57 of the Act and to abolish the statutory limits of Rs. 50 per mile and Rs. 500 for total cost; and they will then be able, by a general or special order in each case, to fix the limits in respect of the preparation and approval of plans and estimates. There is also the question of the execution of works; and under section 61 of the Act the limit of Rs. 2,500 has been imposed by executive order, which has not been altered since 1885. The suggestion under the consideration of Government is that this limit should be raised to Rs. 50,000.

57. The practice of other provinces is summarized in paragraph 749 of the Commission Report. In Madras, where a fully developed Engineering staff is engaged, the limits are naturally most liberal, *viz.*, Rs. 2,500 for estimates, and none for execution. It is of interest to note that in October 1914, in Mysore, a Committee of officials resolved that the Bombay system in its entirety may be adopted. A later Committee of officials and non-officials, however, determined that District Boards should have their own executive, and that the Madras model of Local Boards is more suitable for Mysore.

Now, what is the Madras system? The Madras Local Boards Act of 1884 lays down no definite restrictions, but rules under section 144 (9) of the Act form the Local Fund Code. Articles 122 to 124† regulate the appointment of the staff. The salaries vary from Rs. 150 to Rs. 300 for Assistant

* *Vide* Appendix G.

† *Vide* Appendix G, G.

Engineers, and from Rs. 300 to Rs. 900 for Engineers. The staff is appointed by the President of the District Board with the sanction of Government in the superior grades. It is a district staff, and the salaries of the Engineers vary according to the district in which each man is employed. The condition is laid down that the total cost of the establishment should not exceed 20 per cent. of the outlay on works.

58. The average expenditure on public works in the district of the Bombay Presidency has varied from Rs. 54,000 in the case of the Panch Maháls District to Rs. 3,03,000 in the case of the Thána District. And if this Madras condition were enforced, the sum available for the Engineering staff would, therefore, vary from Rs. 10,800 to Rs. 60,600.

9 districts spend over	Rs. 1·5 lákhs.
11 " " between	" 1 and 1·5 lákhs.
5 " " "	" 0·5 and 1 lákhs.
25	

If we take as a full staff—

An Executive Engineer	...	on	Rs.	400
An Assistant Engineer	...	"	"	200
4 Overseers	...	"	"	100
8 Sub-overseers	...	"	"	50,

and a dozen clerks, say Rs. 400 in lump sum, the cost would, in round figures, amount to Rs. 22,000. With pensions, travelling allowances and contingencies this sum would rise to Rs. 30,000. And this expenditure would not be excessive in the case of any Board that is able to spend something over a lách and a half of rupees on its public works; and we anticipate that with the increased resources, which we hope will be at the disposal of District Councils, the average expenditure on public works will not fall below this limit.

59. The method of recruitment of an Engineering staff was considered by the Commissioners in 1911, and is discussed in paragraphs 6 to 9 of the letter of the Bombay Government of October 10th, 1913.*

The system of recruitment by loan from the Public Works Department would have great advantages from the point of view of the District Council. The Council would secure an officer who had been trained under constant supervision and whose capacities have been gauged to a considerable extent. If he proved unequal to the independent responsibilities of his position he could be returned without difficulty. The system has been tested in the case of Municipal Chief Officers, and has met with the approval of the Municipal bodies.

60. Unfortunately, the Chief Engineer has informed us that, while he would welcome such a system as affording a wider scope for the officers of his Department, he would not be able for several years to come to meet a large demand. It will, in any case, be expedient to introduce the new system gradually; and the first districts selected should be given the benefit of the services of the officers from the Public Works Department. † Subsequently, if a District Council is able to secure in the open market the services of an Engineer who may be approved by the Superintending Engineer, the Council may be permitted to engage him for a definite period of years.

For the introduction of this system a Manual of rules to regulate the preparation of plans and estimates, the execution of works, and the account procedure will be required. Chapters 13 to 18 of the Madras Local Fund Code may be taken as a model. A provisional draft is attached‡ for the preparation of which we are greatly indebted to the Chief Engineer, Mr. Beale.

61. In our discussion of this question we have given very careful consideration to the objections which have formerly been advanced on the score of the duplication of staff and financial extravagance. The Chief Engineer in

* *Vide* Appendix H.

† The Honourable Mr. Patel dissents.

‡ *Vide* Appendix I.

his evidence before us does not support these objections; and we understand that Government have accepted the view that the existing staff is over-worked, and have in fact applied for a considerable addition to the cadre.

This view is also corroborated by the growth of the Public Works and Local Fund Budgets. In the years preceding 1890 the Public Works Budget averaged Rs. 30 lakhs; and it has recently exceeded Rs. 100 lakhs. The Local Board expenditure on public works before 1890 was Rs. 20 lakhs. It has recently been Rs. 35 lakhs. And roughly one-half of this sum must be added to the Public Works Budget. The Public Works Cadre in 1890 numbered 40 Engineers and 53 Assistant Engineers; at the present time it numbers 172 in all.

62. In regard to the scale of the new expenditure, we observe that it has been represented to Government that a Local Fund Engineer should correspond to an officer in charge of a provincial district and that the salaries of such officers should rise from Rs. 535 to Rs. 900. We respectfully suggest that this standard is excessive when compared with the Madras standard, and that the Native States are able to recruit competent officers on a lower scale. For instance, we observe that in the Baroda, Kolhápúr and Sāngli States, public works are managed with a fair degree of efficiency, and the responsible officers at the head of these Departments receive a salary of Rs. 400.

63. We have reason to believe that under existing system the interest of Local Boards not unfrequently suffer. Local Board works are delayed and the supervision is insufficient. These defects are unavoidable owing to the great pressure of work which now prevails in the Department. So far, therefore, from feeling that these proposals should be condemned on the ground of financial extravagance, we entertain a hope that they will lead to increased efficiency and to economy in public expenditure, while at the same time giving to the boards and their members enlarged responsibilities and a wider scope for intelligent and useful work. In the case of every work in progress which affects the interests of only one village, every District Council and every Local Board may delegate the duty of inspecting such works to a village Committee.

64. We recommend that in the new Act a section should be inserted similar to section 83 of the Bengal Local Self-Government Act, empowering District Councils to undertake the construction, repair and maintenance of Government works the cost of which should be defrayed by Government.

(b) PRIMARY EDUCATION.

65. The views of the Royal Commission are contained in paragraphs 751* to 755 and 787.† They expressed the opinion that rural boards might have charge of middle-vernacular as well as of primary education, provided that their duties in respect of the latter are fully discharged; that the sub-district boards which should deal with education should have reasonable latitude in this matter, and that the appointment and promotions of board school teachers should be in their hands and that they should maintain their own inspecting staff.

66. In 1910 these proposals were examined by the Government of Bombay, who decided that no change was needed, and expressed a strong opinion that "the education of the people was essentially a function of the central Government, which local bodies are not capable of discharging." The Government of India in their review made no reference to the subject of education.

67. We have attempted to ascertain the system that prevails in the Central Provinces, where the Commission stated that the Boards have much real control. From the Central Provinces Education Manual we find that under rule 36‡ Government prescribe the rules for the general management, curricula, discipline, moral and physical training of Board schools. Under rule 37‡ appointment, promotion and transfer of the staff rests with the local body,

* *Vide* pages 203-4 of Cumming's Local Board Manual. † *Vide* Appendix II.

‡ *Vide* Appendix J.

subject to revision by the Deputy Commissioner. And certain Government rules regulate the creation of new appointments or increase of the salaries of the existing appointments. The inspecting staff are Government officers (*vide* Chapter XXI and Articles 352 and 357 of the Manual). The Central Provinces system is also explained in pages 26 to 31 of the "Occasional Report" No. 1 by Mr. H. Sharp, entitled "Rural Schools in the Central Provinces."

68. The descriptions of this system in official literature vary strangely. In one place we read that education is retained under the direct control of the District Council, and in another that education is definitely subject to Government control through the departmental heads under whose orders the superior staff work. The control of primary education in fact connotes various functions, *e. g.*, (a) the appointment and promotion of the staff; (b) financial grants-in-aid by Government and Local Funds to institutions both public and private; (c) opening and closing of schools; (d) inspection of schools; (e) construction of buildings; (f) settlement of school curricula. The broad fact appears to be that in the Central Provinces with the exception of item (f) and Government grants-in-aid under item (b) all the above functions are largely exercised by local boards, while the curriculum (item (f)) is prescribed by Government, and a Government inspecting staff insist on the maintenance of a satisfactory standard of efficiency.

69. We find that the Central Provinces system has been found to work successfully; that officers who have had experience of it have preferred it even to the Bombay system; that the Royal Commission after observing that there was considerable control by the boards in the Central Provinces went on to advocate the grant of such control in other places. And we suggest that in these circumstances Government might be pleased to re-consider the position which has been taken up in the past, and to accept the view that the public advantage to be gained by an extension of Local Self-Government control are not necessarily outweighed by the drawbacks which have hitherto been feared.

70. It is worth while to consider the question from another point of view, and to inquire whether the existing system is satisfactory. We gather from the evidence of the Director of Public Instruction that in his opinion the Educational Inspectors are over-worked, and that he would welcome some means of relief. * Statistics show that in the three Presidency Divisions schools have increased in the last 25 years from 3,970 to 6,710; and this increase continues. The cadre of School-masters exceeds 12,000, and in spite of delegation of powers to Deputy Educational Inspectors, the time of the Educational Inspectors is so taken up with personal matters affecting the staff that insufficient leisure is left for the duties of inspection and the study of Educational problems.

These facts strengthen us in the belief that a change of system which would empower District Councils to deal with personal questions regarding a district Education staff is desirable in the interests not only of self-government but also of the Educational Department; for the Government officers being relieved of a mass of petty personal work, would be then free to give greater attention to the essential and wider problems of Educational progress.

71. As was formerly observed by the Royal Commission, this view does not meet with the approval of the Educational Inspectors themselves; and Mr. Lory, Deputy Director of Public Instruction, urged that it was essential that the inspection of each individual school should be conducted by a Government Inspecting Officer.

Mr. Lory supported this view by the practice of the Board of Education in England. Considerable changes, however, are in progress there, and it is pertinent to quote an extract from the Report of the Departmental Committee on Local Taxation published in England in 1914:—

"In whatever form grants are made power should be reserved to the proper Government Department to reduce them to any extent necessary to enable the Department to exercise effective supervision over local administration.

* The Honourable Moulvi Rafuddin dissent.

"It would not, for instance, appear to be necessary to exercise the same detailed control over the educational administration of the more important authorities set up under the Act of 1902 as was probably called for in dealing with the multitude of minor local authorities and managers of voluntary schools which existed previous to that Act, especially as the new authorities then created have by this time gained considerable experience.

"Secondly, if semi-national services are to continue to be locally administered, it is most important that local interest in them should be fostered, and that the most capable men should be encouraged to offer their services on local councils. To ensure this, local authorities should be given considerable discretion in the administration of these services and not reduced to the position of agents of Government Departments."

*72. Although certain witnesses who have appeared in person before us have recommended that the management of primary education should be entrusted to the District Council free of all control, we find that they are unable to quote the experience of any country in support of their views. We recognise fully that in the field of Education sectional difficulties and disagreements are likely to arise with peculiar vehemence; that the task of improving the vast army of petty school-masters is one of immense magnitude; and that the problems connected with the discovery of the best methods of imparting instruction in the varied circumstances of village life require the assistance of the trained and scientific educationalist. We, therefore, dissociate ourselves entirely from the extreme claims of independence referred to above; and we have the satisfaction of feeling that in so doing we have the solid support of the great mass of thoughtful and instructed opinion recorded in the written evidence before us.

73. It remains now to consider the machinery that should be created for the new system.

In certain districts there is reason to believe that the Council would prefer to retain the existing system and it would clearly be undesirable to interfere with their liberty of action.

In the Districts which elect for the new system there should be two organic changes. In the first place the existing staff of Assistant Educational Inspectors should in those districts be transferred to the service of the District Council and should if they were unwilling to exchange their present status for that of servants of the District Council, be regarded as Government servants in foreign service. This staff should be subordinate in professional and technical matters to the Educational Inspector and Deputy Educational Inspector but should be responsible to the School Board for their conduct. In the second place the District Council should be required to establish a School Board and to call in the help of persons outside the Council.

74. The School Board should consist ordinarily of four members of the District Council and four members with educational or administrative qualifications from outside the Council. The Chairman should be elected. The Deputy Educational Inspector (who will remain a Government officer) should be a member; and the other three outside members should be nominated by the Collector.

The School Board thus constituted should have general control of all matters connected with primary education except subjects, such as the settlement of curricula, which may be reserved by the Government Educational Department. The Board would frame the budget for primary education in the district and submit it to the District Council. Its decisions would be subject to the revision of the Council, but in all matters of discipline its orders should usually be final, matters in regard to which appeal should be allowed, being carefully limited by rules.

* The Honourable Mr. Patel dissents.

75. We have considered the various objections that have been put forward to this proposal.

(1) We entertain a hope that the extra staff required would not be great. There must, we admit, be a little extra inspection. At present every school is inspected and examined every year by the Educational Department, and an equal amount of this work will have to be done by the School Board's Agency, while it will certainly be necessary to provide for a percentage of extra Government inspection as well. This need not amount to anything like duplication, for a twenty per cent. check by Government inspection would probably be quite sufficient.

(2) *Dual control*.—Dual control is always an inconvenience, but it is not an insurmountable obstacle. It exists in many walks of life, and given good will, does not obstruct the working of the machinery. For example we need go no further than the system now working in our Municipalities. Under section 58 of the Municipal Act, the relations of the Municipality with the Government Educational Department are prescribed by the rules* contained in Government Resolution No. 2584, dated 6th December 1894. Gentlemen who have advocated the free and independent District Council School Board have nevertheless admitted that the Municipal School Committees of the larger Municipalities manage their schools efficiently and have no cause of complaint.

76. It has been suggested that the special branches of female education and of Mahomedan education should be retained in the hands of the Department. It is urged in the one case that public opinion is not yet sufficiently alive to the necessity of encouraging and fostering the education of girls, and that experience with Municipalities shows that the interests of women teachers are not sufficiently safeguarded. In the other case it is urged that Mahomedan schools require special attention and are not likely to meet with sympathetic treatment. Further, in both cases there exists, or is about to be created, a special branch of the provincial educational staff consisting of Educational Inspectresses or Mahomedan Deputy Educational Inspectors, whose jurisdiction extends to all the districts of the Division, and who, therefore, cannot be conveniently placed at the disposal of individual district Councils.

†On the other hand, it is undesirable to withhold confidence from the new Councils, and to impose any restrictions that are not clearly necessary; and the existence of this special inspecting staff is in itself a valuable safeguard. The larger powers of control by the Collector recommended above in paragraph 50 also should suffice to allay apprehensions of neglect or injustice. We do not, therefore, recommend that school mistresses or Mahomedan masters should be removed from the control of the District Council.

77. We venture to think, therefore, that for the change of system which we recommend these three measures should suffice:

- (1) the creation of a School Board,
- (2) the transfer of the subordinate inspecting agency to the District Council,
- (3) the adoption of the Municipal educational rules *mutatis mutandis*.

(c) MEDICAL.

78. *Para. 757 of the Royal Commission's Report*.—We are of opinion that the law and the rules under the revised Act should provide for the constitution of a Public Health Committee of the District Council, similar to the School Board, and that the medical service should be placed under their orders eventually; but we are not prepared to make proposals for immediate execution.

* *Vide* page 147, Cumming's Municipal Manual.

† Mr. Martin, the Honourable Moulvie Rafuddin and Mir Ayub Khan dissent.

(d) SANITARY INCLUDING VACCINATION.

79. *Para. 759—Vaccination.*—We learn from para. 4 of Government Resolution No. 888 of 9th February 1911, that this subject is under experiment; and if the experiment is successful, this branch may be entrusted to the Public Health Committee above suggested.

80. *Para. 760—Sanitation.*—Government in their letter No. 557, dated 29th January 1909, have considered and rejected a proposal to strengthen the powers of the provincial Sanitary Board, and a proposal to enable that Board to have authority to force a local body to engage sanitary staff or undertake a sanitary work. And in their subsequent letter No. 7273, dated 10th October 1913, they have stated (para. 18), that “the time is not come when it is desirable or even practicable that local boards should organize and maintain a separate service.” We are respectfully of opinion that in certain tracts public opinion is rapidly advancing in regard to the necessity of sanitary reforms, and we invite attention to the activity of Sanitary Associations in the Districts of Dharwar and Belgaum. Progress must certainly be slow, and compulsory powers must be enforced with the greatest caution. But we submit that the new bill should make provision for the future and enable power to be taken for the framing of sanitary rules on the analogy of clauses (c) to (f) of section 11 of Bombay Act I of 1889.

(e) VETERINARY.

81. *Para. 762—Veterinary Work.*—We consider that for the present the existing system should continue. *We have consulted Major Walker, C.I.E., Superintendent of the Civil Veterinary Department, and learn that in so far as the subordinate establishment of a Veterinary Dispensary is paid for by the District Council, it is also under the control of the District Council. The Veterinary Assistant, however, who is a provincial officer, is under the direct orders of the Superintendent. This system, in spite of the dual control, is working satisfactorily, and may be permitted to continue until District Councils are in a position to establish a considerable Veterinary staff of their own in each district.

(f) AGRICULTURAL.

82. The Royal Commission have not referred to the part that District Councils may play in the encouragement of agriculture. Mr. Keatinge, C.I.E., Director of Agriculture, has advised us that the District Agricultural Associations are developing into valuable bodies for the dissemination of knowledge of agricultural improvement, and has suggested that District Councils should finance these associations and take up this work. As the supply of trained workers increases, it should be possible for the District Council to entertain an agricultural staff to collaborate with the Government department.

83. In all departments one of the chief objections to the institution of a District Council service is the uncertainty of promotion from grade to grade available to the members of a graded service of the character which obtains in Government employment. This objection can be overcome by the institution of time scale salaries. We are aware of the objections entertained in the past to the system, but we doubt whether they are sufficiently important to constitute an obstacle to the large policy which we advocate.

CHAPTER III.

Finance.

84. The total income of the Local Boards of the Presidency was in 1913-14, 81½ lakhs, which sum included 34 lakhs given by Government. The total expenditure was 77½ lakhs, of which Education (largely controlled by Government) absorbed 32 lakhs. If we look through the other items we find such

* The Honourable Mr. Patel dissents.

large sums as 3 lákhs for establishment and contingencies payable to the Public Works Department, $1\frac{1}{2}$ lákhs for repairs to buildings, 2 lákhs for administration and pensions, 5 lákhs for medical, 14 lákhs for road repairs, $1\frac{1}{2}$ lákhs for repairs to water works, and considerable sums for smaller items of a fixed unavoidable kind. The consequence is that only a small sum remains available for original roads and buildings, and other forms of fresh development. The growing needs of the country cannot be met, and the budgets are almost completely filled by fixed charges which can be neither avoided nor varied. Every person acquainted with the districts could compile a long list of urgent requirements—roads and bridges and school-houses and tanks and wells but interest in the matter is vain, for there is no money to spend.

85. There are certain general propositions to which we request the assent of Government. Firstly, powers of self-taxation are necessary to the success of self-government. It is scarcely necessary to elaborate this proposition; it is generally admitted and was recently enunciated in the despatch of Government of India, dated 1st May 1913, to the Secretary to State:—

“If any real vitality is to be given to the institutions which have been created, local self-government must in time, in our opinion, be associated with responsibility for taxation for local objects.”

But we desire to point out that this principle has not been put in force in the Bombay Presidency, and is not recognised in the existing Act.

86. Secondly, the local authority should have power to levy and to vary special rates for special tracts or for special purposes under its authority. The local cess is at present regarded as a Government impost, and it would be a great factor in the education of the people if they recognised as they quickly would, that their local representatives were able to put on local taxation and spend it for local purposes. Subject to the sanction of Government, this power should be vested in the District Council, which should be able to apply it within the area of a táluka on the application of the táluka local board, or in the area of a village on the application of the village panchayat (to which body we hope that legal recognition will shortly be given).

87. Thirdly, when a local authority levies a special rate, it should be held to be entitled to a corresponding subvention from provincial funds. It may perhaps be objected that Government cannot undertake an uncertain liability of this character. On the other hand, it may be urged that it is improbable that within the near future local bodies will launch into a programme of self-taxation of any formidable extent; and while it is far from our intention to criticise in any degree the allotment of the public funds in the past especially in recent years when liberal grants have been made to local bodies, we would respectfully suggest that enquiry may be made whether a larger share cannot in future be assigned to the important group of public services which fall under the head of local government. At this point we invite attention to paragraph 2 of the Note accompanying the Commissioners' letter* No. 3251, dated 29th July, which compares the growth of Provincial and Local Board revenues in the last 25 years. An extract is reproduced for ready reference:—

“During this period the provincial revenues have increased from Rs. 380 lákhs to Rs. 790 lákhs.

“The Local Board revenues inclusive of Government subventions have increased from Rs. 43 lákhs to Rs. 81 lákhs, and exclusive of those subventions from Rs. 33 lákhs to Rs. 47 lákhs.

“Thus out of Rs. 410 lákhs of additional Government revenue the increased allotment to District Local Boards has amounted to Rs. 24 lákhs or only 6 per cent.”

The essential unity of public taxation is a point much insisted on by economists. Government in India retain in their own hands a much larger

*Vide Appendix K.

proportion of the total public revenues than is the case with the Governments of Western Europe.

88. The Royal Commission, and the Government of India in their Review, give no assistance in pointing out what additional revenues may be tapped by the boards. *The Royal Commission in paragraph 774 discountenances an increase in the land-cess beyond one anna in the rent value of the land: the reasons given being that it is the policy of Government to lighten the burdens on the land, that the boards cannot be made fully representative, and that constant changes in rates might lead to dissatisfaction and perhaps fraud upon ignorant rayats. In reply it may be urged that the burden on the land in this Presidency is lighter than elsewhere for the assessment upon which the anna is calculated rarely exceeds half the rent value and in some districts frequently amounts to only a fifth or even less. A proposal to raise the local fund cess to two annas per rupee of assessment is therefore well within the maximum laid down by the Royal Commission. We add that we are attempting to make the boards more representative, especially where matters of taxation are concerned, that constant changes in rates are not necessary or contemplated and that we do not think there is any real danger of fraud.

89. The Government of India clearly indicate that they are prepared to consider such a proposal on its merits. Their view is stated, as follows:—

“It was the opinion of the Commission that District Boards should not be empowered to raise the land-cess beyond one anna in the rupee on the rent value as this would be an unpopular measure. Under present conditions any proposal to raise the limit imposed by the existing law would require the previous sanction of the Government of India. Such proposals would need the most careful consideration on the merits, and the Government of India do not consider it necessary for the present to make any pronouncement on the subject.”

It is somewhat superfluous to state that all taxation is unpopular. But the example of Municipalities clearly shows that the education of the people in self-taxation is rapidly progressing. Many Municipalities have of their own motion increased old taxes or imposed new taxes in order to provide local amenities, and we strongly recommend that District Councils should be granted similar powers.

90. It is of great importance to emphasize the distinction between a compulsory additional cess imposed by order of Government and a voluntary additional cess imposed by the District Council with the sanction of Government; for the idea of the imposition of taxation by a District Council is a novel conception and difficult of apprehension.

In some quarters too there is a want of confidence in the independence of the members of District Councils and a suspicion that in a desire to adopt a policy which may be advocated by officers of Government they may be induced to impose this additional cess against the will of the tax-payers.

91. On the other hand, it is difficult to find any reasonable ground for withholding from a local body fully representative of the people the power to levy its own taxation. It is possible that in certain districts the power may never be employed. It is established that in one district, East Khándesh, the power is already demanded by the District Council. We are informed that certain portions of other districts are ready to tax themselves for specific objects, *e. g.*, the improvement of agriculture or means of communication within a taluka; and that the Mahomedan community in Sind is once again agitating for power to impose an educational cess. In view of these numerous indications of the development of public opinion, we regard it as a matter of the highest policy to remove the obstruction imposed by a law which is half a century old.

†92. We recommend, therefore, that section 6 of Bombay Act III of 1869 should be repealed and a new section enacted in the light of modern conditions empowering District Councils to raise the local fund cess up to a

* The Honourable Mr. Patel and Mir Ayub Khan dissent.

† The Honourable Mr. Patel, the Honourable Rao Bahadur Sathe and Mir Ayub Khan dissent.

maximum of two annas in the rupee either in the whole district or in special areas of the district. If our recommendation in favour of a variable assessment be accepted, the proviso prohibiting an increase of the cess during the period of a settlement should not be renewed.

93. If Government accept the proposal contained in paragraph 86 we recommend that the following safeguards be provided :—

This extra cess should be voted in a meeting composed only of the non-official members of the board. Such a meeting would be genuinely representative. Discussion would be free and unfettered and it could not be alleged that the proposal was put through merely on account of the pressure of official opinion and presence.

The proposal to constitute a special body for a special purpose of this kind is not without precedent. The one which lies most immediately to hand is that of the election of a member of the Legislative Council of the Governor General by the non-official members of the local Legislative Council.

It is objected to this that taxes would never be voted by such a body. We do not consider such objections to be well founded. Municipalities even when non-officialized have not failed to provide themselves with necessary funds by self-taxation.

Local self-taxation would be much less unpopular and improbable if raised for specific purposes as this special cess might well be and devoted to objects which people could realize and appreciate and if those concerned could see that they were getting value for their money.

94. The suggestions which we have received for additional sources of revenue fall under four main heads :—

(1) A share of existing provincial revenue, to be obtained by a direct grant of some proportion or the whole of the revenue under certain specific heads.

(2) Fixed grants-in-aid from the general revenues of Government, or varying grants-in-aid in proportion to expenditure.

(3) The levy of additional cesses or a surcharge whether imposed by Government or the District Council on (a) income-tax, (b) excise revenue, and (c) forest revenue.

(4) Taxation in the shape of license fees, house-tax, tolls and taxes on pilgrims, animals or vehicles.

95. We proceed to discuss these suggestions *seriatim*.

(1) Fixed shares of Provincial Revenues.—This follows the system obtaining for the division of Imperial and Provincial taxation. * That system is based on the theory that the provinces should be given an interest in the development of a particular revenue and in the economy of expenditure on that account. We do not consider, however, that in regard to the revenues proposed, *viz.*, land revenue, income-tax, excise and forest the District Councils can assist either towards economy or development; and these advantages cannot be looked for from the selection of these particular revenues for partnership. We do however for certain reasons which will appear hereafter recommend a share of the excise and land revenues.

(2) Fixed grants-in-aid.—We will discuss this later.

96. (3) (a) Income-tax cess.—This suggestion meets with a considerable share of support, and has our cordial sympathy. The importance of securing a contribution to local revenues from the professional, commercial and trading classes cannot be gainsaid, and their present exemption is felt to be a serious grievance by the agriculturists. In the allotment of this cess to different local authorities, very difficult problems must arise. In England these problems

* The Honourable Mr. Patel dissents.

have been regarded as insoluble; whereas in Prussia with the help of a most intricate code, the greater part of local taxation is secured from this source. We quote* for ready reference the views held by such authorities on English Finance as Professor Bastable and the Royal Commission on Local Taxation which expressed its preference for local taxation licenses (*vide* paragraph 99 below); and we include an extract upon this Prussian system from "National and Local Finance" by J. W. Grice. It is interesting to note that Mr. Grice also records that in Prussia, of the Local taxation, in towns 53 per cent., and in country communes 36 per cent., are derived from local additions to the income-tax, in addition to other special local taxes on income of 15 and 4 per cent., respectively. The latest pronouncement in England is that of the Departmental Committee on Local taxation in 1914, which came to the conclusion that "the administrative difficulties in the way of the substitution of a local income-tax either wholly or partly for the present rating system are practically insuperable." Their examination of this question is also quoted in the Appendix.*

We think it right to bring to the notice of Government the controversy on this point, but we should point out firstly the very high authority of Lord St. Aldwyn in favour of the proposal and secondly that the contrary arguments in regard to the difficulty of adjustment between different local bodies and the apportionment of the tax from income taxed at its source do not apply in this country *proprio vigore*.

97. (3) (b) Excise Cess.—This is a suggestion of almost universal popularity, and requires most careful examination. Its supporters argue that the price of liquor and drugs can be raised far higher than it is at present, and they are unwilling to accept the theory on which the Government's excise policy is based, that the price is raised from time to time to the highest point possible, short of encouraging the illicit manufacture, importation, and consumption of alcohol and drugs. † Many temperance reformers and total prohibitionists also welcome it as a weapon in the campaign against alcohol. They attach little weight to the argument of the demoralisation that results when a man is driven to break the law in order to obtain alcohol, for in their view the drinking of alcohol is a greater demoralisation than an offence against the public law of the State. Two members of our Committee are in favour of the imposition of an excise cess, on the whole of the Excise revenue including the license fees for shops and the still-head duties at distilleries and tree-tax and submit a minute of dissent. The majority of our Committee consider that a cess so imposed would either be discounted beforehand by tenderers and shopkeepers and so fail to produce any increase in the gross revenue collected by Government or else be the cause of illicit practices, and that the taxation of the liquor trade is so difficult and delicate a matter that it must be left in the hands of Government.

98. (3) (c) Cess on Forest Revenue.—Forest revenue is derived chiefly from the sale of timber, the property of the State, to contractors, and partly from grazing fees from cultivators. The latter is paid in such small sums that the additional levy of a fraction of one-sixteenth will be very troublesome. The advocates of this cess, however appear to have in view the timber revenue rather than the grazing revenue. † The contractors who purchase this timber are shrewd men of business, who estimate very closely the rates ruling in the market and the value of the article they buy. If to the price that they bid in auction was added a cess of one-sixteenth for the purpose of local revenues, it is clear that they would reduce their bids by precisely the same amount; and the effect of the cess would be equivalent to the grant to local revenues of one-sixteenth of the sums now secured by the State. The proposal would not have the desired effect of taxing the contractors or raising any additional revenue.

99. The fourth main head comprises license fees, house duty, tolls and taxes on pilgrims, animals and vehicles.

* *Vide* Appendices L to L 3.

† The Honourable Mr. Patel and the Honourable Rao Bahadur Sathe dissent.

The license fees are suggested as a means of taxing professions and trades, and are a supplementary income-tax adjusted to local conditions. The Royal Commission in 1901 recommended this form of taxation in the paragraphs quoted in the Appendix.* So also Professor Bastable wrote:—

“Licenses are better suited for local than for general taxation. They can be readily collected, and, if properly chosen, do not hamper industry. The system of low license duties on most trades and employments has the chief attributes of a fair local tax.”

It has a counterpart in the ‘patentes’ which in France contribute a considerable share to the local revenues. On the other hand, the departmental committee on local taxation in 1914 discussed and rejected this proposal for England.†

100. In paragraph 744 of the Report of the Royal Commission, reference is made to the fact that in 1882 a scheme of license fees was under the consideration of the Government of India, and the information then collected would no doubt be valuable as a basis for further discussion. Owing to the exemption from the income-tax granted in 1903 to all incomes below Rs. 1,000 there are considerable numbers of petty traders who pay practically no contribution to the state or to local revenues. The income-tax payers also in respect of their taxed incomes pay no contribution to local revenues. And it is from this class that District Councillors are already largely recruited, and will be more largely recruited if our proposal for special constituencies are accepted. It would clearly be unjust and inexpedient that the persons who control the expenditure of local revenues should be free from contribution to those revenues and be untouched by any extravagance or mismanagement in that control.

101. *House duty.*—Is now a common source of revenue in Municipalities and Notified Areas and we observe that in Madras it is assigned to Union Panchayats which derive an income of 8 lakhs divided between 400 panchayats.

We are of opinion that it is desirable that similar revenues should be raised in rural areas in this Presidency, but we do not think that the revenues so raised can be reckoned on as an increase of the existing resources of the Local Boards. House duties should we think be imposed only in those villages or groups of villages for which Panchayats affiliated to the Local Boards shall have been established and the money should be earmarked for expenditure within the area of the Panchayat by which it has been levied. The establishment of Panchayats would we think foster and bring to life activities which are now dormant and would be more likely to result in extra claims upon the budget of the District Councils than in any relief of their finances. For instance it might be found necessary and reasonable to earmark for local expenditure by the Panchayats some fraction of the local fund cess levied in its area.

102. *Tolls.*—The Government of Bombay announced the policy in 1908 of abolishing tolls on provincial roads and in 1914 of inducing Local Boards to abolish tolls on local fund roads and of compensating them for the loss; and in pursuance of this policy Government allotted Rs. 20,000 as compensation to four District Local Boards during the current year. In Bombay local board tolls reached the maximum of 4.9 lakhs in 1895-96 and were reduced through the influence of Government to 3.5 lakhs last year. In Madras the income of local boards from this source amounts to 17 lakhs. The view there held is that a good road confers great advantages on the villages within reach thereof. The money value to the villages of the preservation of their carts and cattle from damage by the holes and ruts of country tracks and precipitous descents and ascents of unbridged nallas cannot be measured by the payment of a few annas of toll-money or the small annoyances and exactions of the toll-keeper. The remote villagers who see good metalled roads made in directions which do not serve their purposes and who derive no direct benefit from the expenditure of the local funds to which they pay their annual contribution, find it hard to realise the beneficence of this policy. Every new metalled road adds a permanent charge for repairs to the Local budget, and reduces *pro tanto* the

* *Vide* Appendix M.

† *Vide* Appendix N.

sum available for expenditure in other parts of the district. In their eyes it would be not only more just but also more wise to make the villagers who use these roads continue to pay as before a small sum for the advantages they derive and to expend the sums so collected in extending the benefits of good roads to those areas of the district which could otherwise never hope to receive any return for their contributions to the local fund cess. It should be an absolute condition of the retention or imposition of any toll that the proceeds be spent on the improvement of village tracks. This view is put before us with the life-long experience of Ráo Bahádur R. C. Artal, and in our respectful opinion it is deserving of earnest consideration.

In this connection we would point out that Motor services to connect important places are likely to increase in popularity, and it has not been thought improper to charge fees for permission to run such services, nor have the promoters of the enterprise raised any objection to payment. But the abolition of tolls renders the levy of such fees illogical and unfair, for there is no reason why one sort of vehicle alone should pay for the use of the roads when all other vehicles run free.

* We think that by the abolition of tolls a sacrifice is made of revenues which can ill be spared, and that there is no public feeling against or public inconvenience from tolls sufficient to render this sacrifice necessary. There are on the other hand important reasons justifying the retention of this form of taxation, more especially at a time of financial stringency resulting from the war.

103. To those who condemn this suggestion as a retrograde policy of a pernicious and obsolete character, we venture to commend a study of the history of the "King's Highway" in England. Sidney Webb records that in 1838 there were 22,000 miles of turnpike road under some 1,100 turnpike trusts. They had a debt of 7 million pounds, and their annual revenue was 1½ million pounds. The system undoubtedly led to many evils, but as late as 1870 there were still over 900 turnpike trusts, and it was not until 1895 that the last turnpike trust was abolished. The abolition of these turnpike trusts was only rendered possible by liberal grants-in-aid from the Imperial Exchequer. The main fact stands out prominently that until a very recent date the main roads of England were constructed with borrowed money and were maintained with the proceeds of tolls; and it is submitted for consideration whether the road communications of this Presidency have yet reached the stage of development which prevailed in England in 1870, and whether public revenues are available for the extension to outlying tracts of the benefit of good communications. We do not question the view that tolls are a nuisance, and we would welcome their abolition when road communications to the remoter villages are in reasonably good order, and the financial circumstances of District Councils permit.

104. *Pilgrims*.—Under section 59 (x) of the Municipal Act, a Municipality is empowered to levy a tax on pilgrims resorting periodically to a shrine within the limits of a municipal district; and under section 72 of the Municipal Act, the Commissioner may require a municipality to assign and pay to the District Local Board such portion of the total collections on account of a pilgrim-tax as he may deem fit, and this sum shall be expended on works conducive to the health, convenience and safety of the pilgrims. We are informed that this power has never been exercised by the Commissioner. Most places of pilgrimage are within the limits of a permanent or a temporary municipal district. Most District Councils undertake expenditure either on roads or sanitation for the benefit of pilgrims, and we consider it reasonable that they should receive a share of the proceeds. Further, in regard to places of pilgrimage which are not within the limits of municipalities, we recommend that District Councils should be empowered to levy a tax on pilgrims.

† 105. Under the same section 59 Municipalities are empowered to levy a tax on vehicles or animals used for riding, draught or burden kept for use

* The Honourable Mr. Patel, the Honourable Rao Bahádur Sathe, the Honourable Moulvie Rafuddin and Mr. Ayub Khan dissent.

† The Honourable Mr. Patel dissents.

within the municipal district, and a tax on dogs. We recommend that this power may be bestowed upon District Councils.

*106. We now return to the question of grants-in-aid (*vide* paragraph 95). The Royal Commission in paragraph 773, clause (IV) expressed the following view :—

“(IV) In order to make the Boards more independent financially, the 25 per cent. Government grant on their land receipts should be distributed rateably to each district board. Any other Government grants, which may still be necessary in poor districts, should be in lump sums, or in the shape of percentages of expenditure on such services as education. But such grants should in all cases be given under a *quasi*-permanent settlement and should not be subject to periodical revision. Nor should Government grants of this description be treated as justifying increased Government control.”

107. This is a subject which has exercised public opinion and the attention of Parliament in frequent debates during the last half century. The history of the improvement of local services under Local Government in England during this period is the history of the utilization of grants-in-aid for the enforcement of national supervision and control over the local authorities. In 1914 a Departmental Committee on Local Taxation submitted a report to Parliament, and the first condition which they suggested in regard to grants-in-aid was that “all grants be conditional on the efficient administration of the services in respect of which they are given, and be made subject to a general power of reduction and regulation on the part of the supervising Government Department”; and in the House of Commons the Chancellor of the Exchequer in May 1914 laid down three principles with regard to these grants :—

“(1) We mean to distribute the relief in such a way as to give the greatest proportion of help to the most hardpressed areas.

“(2) Instead of being fixed the grants must bear a direct relation to the expenditure.

“(3) The central Government will insist on efficient service as a condition of the receipt of this grant.” This was described as the most important stipulation.

108. At first sight the view of the Royal Commission appears to be in conflict with the views held by the highest authorities in England; and their language may possibly have misled certain witnesses into claiming on their authority freedom of control for local bodies. These gentlemen, we submit, view the question of control from a mistaken standpoint. There may be in certain quarters a desire to free local authorities from the supervision of Government officers and the dictation of Government Departments. Time is yet needed to enable the Indian publicist to recognise that the essential features of the problem are identical in east and west, and that centralised national control over local authorities is as urgent a public necessity in India as in England. The “anarchy of local autonomy” to use a striking phrase of Sidney Webb, is a danger of the greatest magnitude.

109. The key to the interpretation of the *obiter dictum* of the Commission will be found in paragraph 803, where they recommend close control by Government under the legal powers conferred by the Act. It is the absence of these powers in the English Law that renders necessary the cumbrous and uncertain method of control by financial pressure.

We understand the Commission, therefore, to say that, given ample powers of intervention, the Government should not attach to every grant-in-aid stipulations limiting the discretion of the local body and in this view we concur.

110. In order to safeguard the dignity of the local authority, occasions for the use of financial pressure and the reductions of grants-in-aid should be

* The Honourable Mr. Patel dissents from paragraphs 106 to 111.

reduced to a minimum. Any necessary stimulus or reproof should be administered by an authority with an intimate knowledge of the circumstances of each local body. If separate departments each intent on their special interests are empowered to grant and withhold doles, the result can only be friction and the discouragement of voluntary workers. It is essential that local bodies should be supplied with ample resources for the maintenance of their services at a reasonable degree of efficiency. On the other hand, if any particular branch requires development, a special grant-in-aid may be allotted on condition of an improvement in that particular branch. But it is inexpedient that pains and penalties should be threatened in petty individual cases.

111. This argument can best be explained by an example. Local Boards are now spending 11 lakhs on primary education, and Government 20 lakhs. In a district which is spending half a lakh of local revenue and receiving a subvention of a lakh from Government, the Educational Inspector finds that certain masters are not receiving code pay, or that new schools have long been required in certain villages. We suggest that it would not be expedient to threaten that District Council with a reduction of the subvention. The proper course would be to communicate criticisms through the Collector, who, if there was sufficient necessity, would take action under the amended Act. On the other hand, if it were desired to stimulate the development of schools for girls or to introduce some new method of instruction, and the department assigned a special grant for the purpose, it would be reasonable to reduce the special grant if the measures were not carried out.

112. In the letter submitted by the Commissioners on 29th July, it was suggested that Notified Areas should assume their share of the responsibilities of self-government and should relieve District Councils of expenditure on schools and village roads. Since Notified Areas are included in the wider question of village panchayats, and we have been informed that Government do not desire to bring village panchayats under the amended Local Self-Government Act, no further discussion of this suggestion would now be useful. We venture respectfully to invite the attention of Government to the fact that in Madras the union panchayats are regarded as a link in the chain of devolution of local self-government; that in Assam the new Local Self-Government Act includes a chapter on village panchayats; and that in England the corresponding body of rural parishes is placed under the control of the County Council.

113. The discussion of these suggested sources of revenue and of the conditions appropriate to grants-in-aid brings us to a survey of the actual existing revenue of Local Boards. The principal items of Local Board expenditure are Civil Works and Education. Civil Works which previous to 1905 averaged some Rs. 23 lakhs have since that date averaged some 34 lakhs. Education which previous to 1905 averaged 15 lakhs has since increased continuously year by year to 31 lakhs. The total expenditure has increased from 40 lakhs in 1890 to 77 lakhs in 1913. The revenue from Provincial Rates has risen gradually during this period from 24 lakhs to 33 lakhs. Government contributions until 1905 averaged 10 lakhs and since that date have increased continuously to 34 lakhs. The diagram appended* exhibits these variations from year to year.

114. A further analysis of Civil Works shows that the expenditure on repairs to communications rose from about 10 lakhs to 14 lakhs, and on original communications from 4 lakhs to 9 lakhs. On water supply the average is fairly constant—about $3\frac{1}{2}$ lakhs. The increased activities of Local Boards in the last ten years have for the most part been financed by direct Government grants for specific objects. The additional grants for Education have usually been allotted in proportion to the expenditure of the Boards. The grants for Civil Works have been allotted at discretion without any specific standard. The outstanding facts, therefore, are that in recent years the Government grants-in-aid have actually exceeded the revenue of the Local Fund Cess (these two items representing 84 per cent. of the total income), and that of the whole expenditure on Education Government have provided practically two-thirds.

115. If we start, then, from the standard of 1913-14 which represents the high-water mark of prosperity of District Council revenues, it remains to estimate the additional revenues that may be secured from the sources above discussed;

(1) *Additional Local Fund Cess*.—The maximum sum attainable on present figures is 33 lakhs; and if Government undertake, as is our recommendation, to furnish rupee for rupee, the ultimate maximum will be 66 lakhs of rupees. But we anticipate that progress in that matter will be slow, and that for several years to come the self-taxation will not exceed, say, 3 lakhs of rupees, with an equal demand on the resources of Government.

(2) *License fees*.—Since we suggest that the taxation on professional classes whether in the shape of a surcharge on the income tax or of license fees on persons earning incomes below the limit of the income tax, should be in either case imposed by the District Council subject to the approval of Government, it is difficult to estimate what the proceeds are likely to be. We may quote the following figures in case they may be found some guide to an estimate by Government.

The whole income-tax of the Presidency amounted last year to Rs. 63 lakhs. Outside Bombay City and Aden, the revenue was Rs. 20 lakhs. Exclusive of municipal areas the revenue was 4 lakhs approximately. When the minimum limit of income-tax was Rs. 500 the total number of assesses under Part IV was 66,000 of whom 38,000 were below the limits of Rs. 1,000. The present total number is 37,000. It may be presumed that the number of persons with an income between Rs. 500 and Rs. 1,000 will not be less than 30,000 or more than 60,000; and in addition license fees would probably be leviable on persons with an income between Rs. 200 and Rs. 500 per annum; but we are unable to surmise what proportion live within municipal limits and what within rural. At a very rough guess the total sum obtainable for District Councils may be estimated at Rs. 2 lakhs. A summary of the schedule of license fees levied in Madras City is attached.*

(3) *House Duty*. *Vide paragraph 101.*

(4) *Tolls—Pilgrims—Animals—Vehicles*.—We do not think it advisable to estimate for any immediate additional revenue from these sources.

116. This brief survey indicates that local resources outside the land cess are very limited, and we must fall back once more on the possibility of the increase of provincial subventions. In paragraph 87 we have pointed out that the increased grants to local revenues have in these last 25 years represented only 6 per cent. of the increased resources of the Government; and we now invite attention to the fact that the provincial revenue from excise has during this period risen from 80 lakhs to 223 lakhs. The growth of this revenue is the subject of much hostile criticism. It has been represented to us that the hostility of some of these critics would be abated if they saw the direct benefits of the revenue expended on local objects. We would refer to the somewhat analogous case of the improvement of education in England from the grants of Whisky money; and we venture to think that public opinion would regard it as highly appropriate that a portion of the special grants derived from liquor should be expended on the improvement of educational facilities in the liquor consuming tracts in the hope that education may assist in the reclamation of these people from the liquor habit. We recommend, therefore, that a substantial share of the Excise Revenue—say two annas in the rupee—representing Rs. 23 lakhs on the revenue of 1913-14 be allotted to the Local Taxation Account. (*Vide next para.*)

We recommend further that to this same account there should be added a share of the Local Revenue. In 1907 the Government of India appear to have accepted this principle when they allotted Rs. 7 lakhs as a contribution calculated on a basis of 3 pies in the rupee of Land Revenue. On last year's revenue this contribution should be increased to Rs. 8½ lakhs; and in proportion as demands upon the Local Taxation Account grow with the expansion of self-taxation we hope that Government will be prepared to raise their contribution to a larger share of this revenue.

117. The Local Taxation Account in England, also known as the Assigned Revenue System, was introduced in 1888, and has existed to the present day. It has been attacked there on the ground of indefensible anomalies and administrative inconveniences; and the Departmental Committee found that "a system under which the Exchequer surrenders potential sources of revenue to local purposes is liable to be overthrown to meet the exigencies of imperial taxation." In 1914 the Chancellor of the Exchequer proposed to abolish the system apparently chiefly on the ground that it provided insufficient resources for local authorities, and to substitute direct grants-in-aid on a far larger scale. This change has, however, been postponed owing to the war.

In now proposing the establishment of a Local Taxation Account, we are influenced by the same reasons which in England led the Chancellor of the Exchequer to propose its abolition. We wish to secure to local bodies a larger share of public revenues with greater security. Experience in this country appears to show that grants-in-aid are not made with sufficient regularity and liberality. In fact in recent years a considerable proportion of these grants have been directly derived from the Government of India, and consist of grants either for a limited period or even for a single year.

We consider it of the greatest importance that these contributions should be converted into permanent assignments of revenue and guaranteed against curtailment when the Provincial Government falls into financial difficulties. We are in fact suggesting that District Councils should be placed in the same relation to the Provincial Government that the Government occupies to the Imperial Government; and we submit that the arguments which the Provincial Government have so frequently employed in their negotiations with the Imperial Government apply with almost equal force to District Councils. We are aware that the strictest economy is imposed on the Provincial Government by the conditions arising out of the war, but we trust that retrenchment may be found possible in other branches of the public service, and that the subventions to local bodies may continue without curtailment, and may be expanded with the restoration of normal conditions.

In regard to primary education in particular we recommend that Government may be pleased to accept the principle that two-thirds of the expenditure by District Councils may be met from Provincial grants whatever may be the method approved by Government for their allotment; and we beg to point out that this proportion of two-thirds has in fact been contributed in recent years.

118. Several alternative schemes of Government subventions have been placed before us, and we commend them to the consideration of Government;

Scheme (A).

(1) Educational grants-in-aid	...	...	Rs. 22 lakhs. To be main-
(2) Civil Works grant based on 3 pies in the	...	...	tained.
rupee of Local Fund Cess of 1908	...	...	Rs. 7 lakhs to be maintained.
(3) Miscellaneous grants	...	...	Rs. 5 lakhs to be maintained.
(4) 1/16 of the Excise revenue	...	...	Rs. 14 lakhs to be added.
Total			Rs. 48 lakhs.

Scheme (B).

(1) Educational grants-in-aid	Rs. 22 lakhs to be abolished, and in substitution a permanent assignment of 2 annas in the Re. of Excise revenue to be allotted (from this sum and within its limits every District Council should be entitled to receive Rs. 2 for each rupee spent on education from its other resources)	...	...	Rs. 28 lakhs.
(2) Civil Works	...	...	...	Rs. 7 lakhs to be maintained.
(3) Miscellaneous	...	...	...	Rs. 5 lakhs do.
(4) Equivalent subvention for income-tax, license fee and additional Local Fund Cess	...	...	...	Rs. 5 lakhs. To be added from general Provincial balances.
Total			...	Rs. 45 lakhs.

Scheme (C).

One of our members holds strongly that in view of the existing uncertainty as to the exact share of responsibility of Government towards the expenditure on primary education and other works, it is desirable and necessary that Government grants should in future bear a fixed proportion to such expenditure. This proportion should, in his opinion, be three-fourths and one-fourth in respect of education and half and half in respect of other works as between Government and Local Boards respectively.

In the event of this scheme being accepted by Government, our recommendation in paragraph 87 as well as on the suggestions in sub-paragraphs 1 and 2 of paragraph 94 do not hold good.

Scheme (D).

A Local taxation account to be established; to this account should be credited :—

				Rs.
* (1)	2 annas in the Re. of excise revenue	...	...	28 lakhs.
(2)	3 pies in the Re. of land revenue	...	...	8½ "
			Total	36½ "
	As soon as possible the share of land revenue should be raised to			
	6 pies in the Re. producing another	...	...	8½ "
			Total	44½ "
	Per contra the existing detailed grants-in-aid of—			
(1)	Education	...	...	22 "
(2)	Civil Works	...	...	7 "
(3)	Miscellaneous	...	...	5 "

should be abolished.

From this Local Taxation Account should be met

† (1) Grants for education in the proportion of Rs. 2 to Re. 1, within the limits of the Excise Revenue.

(2) Grants on the basis of rupee for rupee of self taxation expended on purposes other than education.

The Budget of income of District Councils may now be drawn up as follows :—

Existing .	{	Local Fund Cess	...	...	...	33 lakhs.
	{	Civil Works	...	...	...	6 "
	{	Miscellaneous	...	...	...	8 "
	{	Government contributions—				
	{	(a) Education	...	...	...	22 "
	{	(b) Civil Works	...	...	...	7 "
	{	(c) Miscellaneous	...	...	...	5 "
						81 "
		Possible additions—				
		Local Fund Cess	...	...	...	3 "
		Equivalent Government subvention	...	...	...	3 "
		Income tax cess and license fees	...	...	...	2 "
		Equivalent Government subvention	...	...	...	2 "
						91 "

119. No consideration of the finance of Local authorities would be complete without a discussion of their powers of raising loans. Very few Local Boards have at any time taken a loan. Reference may be made to the fact that in 1888 County Councils in England were empowered to raise money by the issue of stock of their own and that in 1902 a Select Committee was appointed to report on the repayment of loans by local authority, and that this Committee reported that "it is neither wise nor just to place upon the shoulders of present rate-payers too large a proportion of the burdens of necessary or useful works from which succeeding generations will derive benefit." It is open to a local body to take advantage of the Local Authorities Loans Act IX of 1914, and we venture to recommend that local bodies should

* The Honourable Mr. Patel and Mr. Seddon dissent.

† The Honourable Rao Bahadur Sathe is against restricting these grants upto the limits of the Excise Revenue.

be encouraged when the present financial stringency is over, to follow the example of enterprising local bodies in Europe to adopt a cautious policy of development by means of loans.

120. Our financial recommendations, therefore summarised, are as follows :—

1. That District Councils be empowered by law to impose taxes, tolls, and fees of the following descriptions :—

- *(i) a tax on the annual rent value of occupied lands ;
- (ii) a tax on all or any vehicles, boats or animals used for riding, draught or burden, kept for use within the district ;
- †(iii) a toll on vehicles, and animals used as aforesaid, entering the said district, but not liable to taxation under the clause last preceding ;
- (iv) a tax on pilgrims resorting periodically to a shrine within the limits of the district ;
- (v) a tax on houses ;
- (vi) a surcharge on the income tax, together with license fees on incomes exempt from the income tax ;

2. That the District Councils be granted a share in certain expanding sources of public revenue, preferably the excise and Land Revenue.

3. (a) That a Local Taxation Account be opened similar to that existing in England ;

(b) that to this account be credited the shares of public revenue due to District Councils, together with such taxes as may be collected by Government officers on behalf of District Councils ;

(c) that from this account there be paid to District Councils the shares to which each is entitled, and the balance be held at the disposal of Government for distribution to District Councils.

H. S. LAWRENCE,
Chairman.

F. PRATT,

C. N. SEDDON,

J. R. MARTIN,

G. K. SATHE,

V. J. PATEL (subject to a joint minute
by the Honourable Rao Bahadur Sathe
and myself and my separate minute),

M. RAFFIUDDIN AHMAD (subject to
a minute of dissent),

R. C. ARTAL,

MIR AYUBKHAN (subject to several
dissents and a note on Sind),

Members.

* The Honourable Mr. Patel and Rao Bahadur Sathe dissent. Rao Bahadur R. C. Artal is of opinion that this clause should run as follows :—

(1) An additional tax upto one anna on the land assessment of occupied lands.

† The Honourable Mr. Patel dissents.

MINUTES OF DISSENT.

Mr. C. N. Seddon, I. C. S., Commissioner, C. D.

There are three important matters regarding which I find myself unable to agree with the recommendations of my colleagues.

2. There are also two small points—hardly worth mentioning perhaps—where I should like trifling alterations in the Report. In paragraph 101 it is suggested that the establishment of village panchayats would be more likely to result in extra claims upon the budget of the District Council than in any relief of their finances. A panchayat should not have more than its proper share of the local fund cess raised in the village; and, if this principle be observed, the establishment of a panchayat will not cost the District Council anything.

3. Again paragraph 80 contemplates putting sanitary affairs under the Public Health Committee suggested in paragraph 78. This is not quite clear perhaps from the wording.

4. These are small matters and I turn to more important points—the position of the Collector where the District Council has a non-official President, the constitution of the proposed School Board, and certain aspects of the Financial question.

I

A majority of our Committee has decided to recommend a scheme whereby the Collector would continue to control the executive, and would hold a position corresponding to that of the Bombay Municipal Commissioner; and perhaps to that of the Prefect in France, though I do not feel that I know enough about the French arrangements to accept this analogy with much confidence. However this may be, it seems to me illogical to combine in one officer the duties of a mere executive director and the powers of control which a Collector possesses under Chapter VII as the chief local representative of Government. The possession of these latter powers would give the Collector, backed up by the Secretary (probably a lent Government officer of the rank of a Deputy Collector), and all the office, far too much authority and influence, and the non-official President would find himself completely overshadowed. On the other hand if the Collector managed to efface himself and confined himself to the mere execution of orders received it is a question how far such a position would be compatible with the due maintenance of his general prestige and authority in the district. I do not fail to see the importance of encouraging local self-government, or I could hardly have signed our Report. But even supposing the scheme advocated would give such encouragement, which is perhaps doubtful, Government have other matters to consider. A reform can hardly be regarded as free from objection if it entails either chances of serious friction or the lessening of authority where its maintenance is essential.

For these reasons I am of opinion that, if it is decided to allow a non-official President, it would be better for the Collector to stand on one side altogether; retaining only, with some enhancement, the powers he possesses of supervision, advice, and control.

II

1. In paragraph 74 of our Report the Committee recommend that the School Board which has been suggested should consist of four members of the District Council and four outsiders, and observe that it is desirable to secure Mahomedan representation on this Board. I think there are objections to this constitution, and that some stronger expression of opinion as to Mahomedan representation is required. The Board should in my opinion consist of a clear majority of members of the District Council. With equality of numbers, and the possibility of the Chairman being an outsider, the Board would hardly be regarded as representative of the Council or as a Committee of that body. The object of our recommendations is the handing over of primary education to the District Council, and this object will not be met if we entrust the actual administration to a Board practically distinct from the Council. The School

Board should be a real Committee of the Council, composed of Council members, strengthened only by the addition of certain co-opted gentlemen of special knowledge and experience. It is a proper, indeed a necessary, provision that there should be such co-opted experts. But there need not be more than two or three such experts. In order therefore to keep the School Board essentially a Committee of the District Council I think a clear majority of its members should be from the Council. I suggest that there should be six such members, and three co-opted outsiders including the Deputy Educational Inspector.

2. It is not merely *desirable* that there should be some Mahomedan representation on the Boards but *essential*. It was with hesitation and reluctance that I agreed to support the claim to separate Mahomedan community election for the Councils and Taluka Boards. It is the question of Mahomedan education, and that question alone, that compels one to accept the Mahomedan demand. There are really no separate Mahomedan interests apart from education. That community has no special wants differing from or antagonistic to those of the rest of the population in the matter of roads or sanitation. That being so, if we agree to Mahomedan representation, by community election on the Council, it is still more necessary that such representation should also exist on the School Board. It would be wise to provide that of the Councillors on the School Board not less than one-quarter should be Mahomedans. If there are six such Councillors two should be Mahomedans: the three nominated outsiders will usually all be Hindus for the Collector will rarely find it possible to nominate Mahomedan outside experts. And it is natural and proper that these very men who have been elected by the Mahomedan community to seats on the Council should supply the School Board with its Mahomedan members. The main reason for their original election was to look after Urdu schools.

III

1. In paragraph 85 Government are asked to assent to certain general propositions as regards finance, and in paragraph 87 a third proposition is stated to the effect that when a local authority levies a special rate it should be entitled to a corresponding subvention from Provincial Funds. I do not think that Government can be fairly asked to accept this proposition. Further on in paragraph 118 a scheme D for Government subventions has been recommended, wherein it is suggested that the District Council should receive grants on the basis of rupee for rupee raised by self-taxation and on the basis of two rupees to one spent on education. The Committee have recognized the impossibility of expecting Government to pay rupee for rupee raised, and two rupees for one rupee spent, as a general proposition.* But they think it would not matter if the money raised by self-taxation were spent on some object other than education, while the subvention on the basis of expenditure applied only to education. I do not like this idea, and think this double basis for contribution will lead to confusion and trouble, involve Government in unfairly large contributions, and be otherwise objectionable. The money raised by self-taxation may be nominally spent on some matter having no connection with education but it will free other funds for education, and this can hardly be prevented. Moreover there are at present activities other than educational which Government may properly desire to encourage by grants-in-aid on the basis of expenditure—sanitation for example.

2. I think it would be very much better—less confusing, more consistent and logical, and more useful—to discard the idea of encouraging local self-taxation by promising equivalent grants, and to hold fast by the present policy which bases grants-in-aid on expenditure. After all people will be encouraged to tax themselves just as much by the one plan as by the other. They will raise money in order to spend it, and it does not really matter whether the subvention comes before they spend it or after.

3. Moreover I am hardly prepared to recommend that Government should contribute two rupees to one on education throughout, or that grants-in-aid for other items of expenditure should be abandoned. Some branches of education

* This would mean that for every rupee raised and spent Government would contribute 5 rupees.

may need more encouragement than others—girls' schools for example. Some activities mainly those connected with sanitation—require stimulating more than others; no stimulus is more effective or easier to apply than a grant-in-aid of expenditure. We have not collected sufficient information as to the various rules and principles approved by Government in these matters to justify us in recommending a change in the trend of policy. It is sufficient that we should recommend larger assignments in aid of the local bodies—derived from fixed proportions of the Excise and Land Revenue—leaving Government to follow their own policy as to the principles which should guide them in allotting grants-in-aid.

C. N. SEDDON.

The Honourable Rao Bahadur G. K. Sathe.

Presidents of District Councils.

Lord Ripon's Government issued a Resolution in May 1882 and it advocated the principle of having Non-Official Presidents. This principle was recognized in Bombay Act I of 1884, section 27, and the discussions in the Legislative Council (1884) distinctly point to the fact that even then Government expected to get capable and willing non-officials to fill the chair of Local Boards. It was unfortunate, however, that no effect was given to the elastic provision of section 27 during the last 30 years. With the general advance the people of the Presidency have made, and with the steady progress of education, it is not certainly difficult to secure, almost in all districts, non-official capable gentlemen who would devote some of their time to public voluntary service. The Committee has also advocated the change from the Collector-President to Non-Official-President in advanced districts. In view of this opinion of the Committee I did not think it necessary to express my dissent. But I think the recommendation does not go far enough. I believe that, the time has come when the franchise of having Non-Official-Presidents might safely be extended to all districts, reserving to Government the power to exclude any particular district, if necessary. With this change it need not be apprehended that efficiency will suffer. The controlling provisions are a sufficient guarantee against misuse or abuse of powers. Other reforms suggested by the Committee and *this reform particularly* will have the effect of putting these bodies on a *more popular and liberal organisation* and of *releasing them from the guiding strings of official control*, a result which is contemplated by Government in the Resolution under which this Committee was appointed.

G. K. SATHE.

**Joint minute by the Honourable Rao Bahadur G. K. Sathe
and the Honourable Mr. V. J. Patel.**

Communal Representation.

(1) Under the system prevailing at present, not more than one-half of the total number of members are elected. This proportion the Committee has proposed to raise to two-thirds. This will reduce the number of nominated seats by nearly 33 per cent. The interests of minorities and several communities are up to now being secured by nomination. The reduction in the nominated seats has created an unnecessary apprehension that henceforth the several communities will not be adequately represented in nominations. Thus comes in the question of communal minority, or community representation. These words appear to be synonymously used. Though there are several communities and minorities, the Committee has taken account of only Mahomedan representation. Recognition of this special community is, in our opinion, impolitic and this special privilege to one class is synonymous with corresponding disabilities to other classes. Mahomedans desire to follow up the communal representation already granted to them in Legislative Councils by extending it as a necessary corollary to the local self-governing bodies, *e. g.*, Municipalities and Local Boards. It is inopportune to discuss here whether it was good to introduce this principle even there. Looking to the percentage of Mahomedans living in rural areas of the Presidency proper, to the nature of work transacted by rural boards and to the absence of any conflict of interest arising among the several communities, (except perhaps in educational matters, which can be provided for by having co-opted members on School Committees), it is not necessary to recognise the claims of Mahomedans for separate representation *through a separate electorate*. This will naturally embolden other communities to make demands for separate representation; and it will be impossible for Government to entertain those demands on the ground of impracticability, not to mention other considerations. Out of the witnesses (Official and non-official) consulted very few favour the principle of communal representation. It is at the same time significant to note that almost all the Collectors and all Assistant Collectors of the Presidency proper have emphatically expressed their opinion against communal representation. These officers are in constant touch with the people of their Districts and are eminently fitted from their position to know the needs and requirements of the public living in their Districts. The unanimous opinion of such officers is entitled to great weight, and the Committee was not justified in setting aside such a strong body of official opinion which is not open to the usual criticism of being biassed or one-sided. Government have also perceived the impracticability of arranging to give separate representation to different creeds and communities (*vide* G. L. No. 7273, G. D., dated 10th October 1913, paragraph 30). The situation has not certainly changed since then. A similar view has been expressed by Government of Bombay in their letter to Government of India No. 1768, G. D., dated 26th March 1908, paragraphs 13 and 22. The goal must be to link different races of India in bonds of union and brotherhood, and Government, at any rate, should not take any step or adopt a system which will crystallise and accentuate the sectional and sectarian differences which already tend to retard progress in this great country. Moreover, election by communities demoralises the people and necessarily makes their vision narrow. We close these remarks by attaching two extracts from the speeches of our distinguished Viceroy His Excellency Lord Hardinge.

*Extract from the Speech of His Excellency Lord Hardinge
delivered at Bombay on 18th November 1910.*

“Your (Mahomedan) community has received special treatment and I am glad to hear that you appreciate the obligations which those privileges carry. I trust that it will ever be your aim while promoting the interests of your own community to avoid anything which may tend to emphasise those sectarian differences which must exist but need not be accentuated. I shall always be ready to lend a sympathetic ear to any expression of Mahomedan views and feelings but you must remember that a *spirit of self-restraint* will add greatly

to your influence and that special privileges to one class are synonymous with corresponding disabilities to others."

Extract from the speech of His Excellency Lord Hardinge delivered at Lahore to the Moslem League.

"Whether or when you (Mahomedans) may yourselves come forward to say that you no longer require the privilege of separate representation, I cannot say, but if such a day comes, it will be the evidence of a spirit of mutual toleration and enlightened progress which could not but be a happy augury for the peace and welfare of your motherland."

Paragraph 22.—Two alternative Schemes.

(2) Of the two alternative schemes proposed by the Committee, the majority have accepted the second. In paragraph 26 of the report the objections to this scheme have been summarized, but the main features of the difference between the position of a Municipal Commissioner in Bombay and that of a Collector of a District have not been noticed. The Municipal Commissioner does not possess such ample and all round executive powers as the Revenue and Magisterial head of a District, and further he has not any powers of control over the affairs of the body similar to those conferred on the Collector by Chapter VII of the Local Boards Act.

In order to give full effect to the principle of Local Self-government it is absolutely necessary that there should be complete severance of the District Councils from internal official control. As the system advocated is not free from this drawback, we do not subscribe to it. The first scheme, though acknowledged to be sound in principle, is discarded for reasons stated in the concluding portion of paragraph 25. We cannot imagine how the severance of the establishment from the control of the Collector would result in loss of efficiency or breach of continuity, when it is proposed to place the whole establishment under the direct control of a highly paid competent Executive Officer. As the experiment of complete autonomy has succeeded in City Municipalities, it will be legitimate to expect a similar success in the case of District Councils.

Powers of Control.

(3) In paragraph 50 the Committee recommends the adoption of the principle that external control must be strengthened if internal control is to be surrendered; this argument is fallacious; it assumes that something more is now being given to the public beyond what was provided for by the Act of 1884. But this is not so, inasmuch as the present law did contemplate the nomination or election of a Non-Official President and the extensive powers conferred by Chapter VII were considered by the Legislature sufficient to meet all possible contingencies. For reasons, into which it is now unnecessary to enter, this provision has so far remained a dead letter and simply because it is now recommended that effect should be given to it, it does not follow that it is necessary to make the law more stringent on the point.

The existing powers are *similar to those mentioned in Chapter XII* of the District Municipal Act III of 1901. The privilege of having non-official gentlemen as Presidents of Municipalities has been exercised by a limited number of Municipalities since 1884, and it has now been extended since 1909 to a very considerable number. But there is no complaint heard so far that the existing powers were found inadequate in any instance to deal with the erring Municipalities. This being so, it would be premature for Government to assume larger powers in view of contingencies which may never arise.

The Assam Local Self-government Act, 1915, provides for controlling powers which appear to be very elaborate.

Removal of Members by Government.

(4) *Paragraph 51.*—Under Act III of 1901 the Governor in Council has power (*vide* section 16) to remove a Councillor on the recommendation of the Municipality and has also the power to give a final decision in case a

question or dispute arises whether a vacancy has occurred (*vide* section 15 (3)). The Governor in Council has no power under the law to take any action for removal *suo motu*. The initiation rests with the Municipality for the evident reason that they should be the arbiters in the first instance of what is misconduct or disgraceful conduct or incapacity within the meaning of the section, and this seems desirable, otherwise by asserting such a censorship over individual Councillors Government might assume an unnecessary responsibility and incur uncalled for odium.

In our opinion, therefore, the recommendation contained in paragraph 32 of the Bombay Government's letter No. 7273, dated 10th October 1913, General Department, should be adopted with the addition that the recommendation should be supported by at least three-fourths of the members.

Clause E of Section 7 of the Assam Act is too loose and wide and would furnish an easy handle to unscrupulous and designing persons to gratify private animosities by approaching the Collector openly or under disguise. Further there is a chance though remote, of individual members having to pay a heavy penalty for incurring the displeasure of the executive head of the district in consequence of open and honest opposition.

Increase of one anna Local Fund Cess up to two annas.

(5) The principal asset of the rural boards is derived from the levy of one anna cess per rupee of land revenue assessment. That the boards require more money cannot be denied. Our local revenue is inelastic and utterly insufficient to meet the demands of ever increasing local needs. The most important problem is how to get this additional revenue. The Committee has unanimously proposed to invest District Councils with powers of self-taxation and have also suggested some new items for taxation. We are of opinion that local fund cess should not at any rate be raised before every other means is exhausted. Since 1869 agriculturists alone have been paying this cess and non-agriculturists have also reaped the benefits of the working of local boards without paying a single pie to these boards. The land assessment is already sufficiently high and though one cannot deal exhaustively with this subject in a short minute, still the fact seems to be beyond doubt that any further taxation on land direct or indirect cannot be reasonably advocated. In some provinces this local rate is levied on the rental value of the land, and it is argued that our assessment is short of the rental value of land. We cannot subscribe to this view. There are several factors which are taken into account in determining assessment. There are good and bad years. The assessment might appear to be low in the year of bumper crops. In famine times the rayat has to pay out of his pocket. One year out of four or five is a famine year. Assessment thus represents on an average in this presidency which is governed by Rayatwari tenure rental value. (*Vide* also foot-note page 257, Decentralization Commission Report.) In this presidency this local cess is charged on the amount of land assessment and the principle of cess on actual rental value is quite new. For facility of administration and for other obvious considerations this cess should be regulated on Government assessment. The Royal Commission on Decentralization after recording opinions of officials and non-officials did not recommend any increase on this head. Sir Frederic Lely and Sir Steynning Edgerly, the two very experienced and capable Revenue Officers of this presidency, were amongst the Commissioners and their opinion is entitled to weight.

Cess on Abkari Revenue.

(6) The majority of the Committee is against this impost or cess. The objections may be summarized as follows:—

(1) Proceeds will be unequal in several districts.

(2) This cess will make liquor dear to some extent.

(3) It will eventually reduce proportionately the revenue of Government.

(4) It will encourage illicit importation, manufacture and consumption of liquor.

(5) The taxation of liquor trade is so difficult and delicate a matter that it must be left in the hands of Government. As regards objection No. 1 it may be observed that there is and is bound to be inequality in several districts in every item of revenue. This is, however, a genuine objection. The revenue so derived from this cess may be pooled together in a division and the Commissioner may distribute the same to several districts according to their population, needs and amount of revenue realized. Objection No. 5 need not be taken account of. It is not suggested to place liquor trade in the hands of local bodies and Government will have to make recoveries of this cess as it does at present in the case of local fund cess. The imposition of one anna cess on license fees, tree-tax and still-head duties will not appreciably increase the cost of liquor. The increase will not be more than $6\frac{1}{4}$ per cent. and is not certainly such as would deter drinking public from having recourse to drink. That the items composing the Abkari revenue are capable of bearing additional burdens is being fully demonstrated every year. Government have at intervals enhanced tree-tax, duties on country spirit, prices of ganja and opium and license fees. Has this increase resulted in any loss of revenue to Government? The answer is no. This revenue has enormously increased in recent years and is an ever expanding revenue. The apprehension underlying objections Nos. 2, 3, and 4 is problematical, if not imaginary. We cannot really see any insuperable inherent demerit in having this cess. We have considered this proposal only from a fiscal point of view and have not allowed our opinion to be influenced by moral considerations (though we value them most). The object of the State in increasing duties on liquor, tree-tax, etc., is evidently to discourage consumption of all intoxicating drugs. If this be so, State can allow local bodies to levy this one anna cess which will be in keeping with the policy of Government, viz., "maximum of revenue consistent with minimum of consumption". In former times besides the land revenue there were other imposts, called "Sair" or "Sayar". In volume I of Baden-Powell on Land Systems in British India at page 420 these imposts are described and item of excise is mentioned as one of the many. This quotation is given to show that there is a precedent for such cess. Bombay Act III of 1869 also recognized it. Government has been paying contribution in lieu of one anna cess on excise revenue.

Forest cess.

(7) We are in favour of having one anna cess on timber and hirda. These are the two important items of forest revenue. They are commodities of trade and Government need have no fear that auctioneers will pay proportionately less to Government. Rates are regulated by the law of supply and demand.

G. K. SATHE.

V. J. PATEL.

Correction slip to the Honourable Mr. Patel's Note of Dissent.

Page 39, para. 6, line 11, the words 'advanced districts' should be in inverted commas.

Page 42, para. 14, line 5, for the word "numbers" read "members".

Page 43, para. 16, lines 2 and 3, the words 'advanced districts' should be in inverted commas.

Page 45, para. 20, line 3, between the words "Presidents" and "for all Boards" insert "Vice-Presidents".

Page 49, para. 30, line 3, for the word "of" read "to".

Page 51, para. 30, line 2, for the word "for" read "from".

Page 53, line 12, omit the word "elective".

Page 53, para. 39, line 4, between the words "Taluka and" and "Boards" insert the word "District".

Page 54, para. 43, line 4, for the word "matter" read "matters".

Page 54, para. 45, line 2, for " $\frac{1}{3}$ " read " $\frac{2}{3}$ ".

Page 55, para. 48, line 4, between the words "observed" and "the real" insert the word "that".

The Honourable Mr. V. J. Patel, Bar-at-Law.

PART I.

1. I regret I find myself unable to join in most of the recommendations made by the Committee in their report. As regards some of them, the Honourable Rao Bahadur Sathe and myself both differ from the majority, and on those points we record a separate joint minute. In this minute, therefore, I propose to confine myself mainly to the consideration of those points on which I alone differ.

2. Before proceeding further, I should like, in the first place, to draw attention to the Government Resolution in which Government set out the object and scope of the inquiry which the Committee were directed to make. On a reference to it, it will be noted that the Government at the very outset of that Resolution point out that the administrative system of the Local Boards in this Presidency falls short of the standard set by the Decentralization Commission in respect to the organization of these bodies on a popular basis and their emancipation from official control. They further observe that the development of local self-government in the case of these bodies has been disappointingly slow and that though there were other causes to militate against progress it is difficult to avoid the conclusion that the existing state of affairs is to a large extent attributable to the fact that the system of the administration of the Local Boards still remains what it was when these bodies were first constituted under the present Act some thirty years ago, and that during all that time there has been no movement in the direction of endowing them with a more liberal organization and releasing them from the guiding strings of official control.

3. It appears to me quite clear from this that the Government themselves realise that these bodies should be freed from official control and endowed with a more popular and liberal organization and that needful action in this direction should have been taken long ago and that it is now urgently needed.

4. Having thus given expression to their wishes and intentions in such emphatic terms the Governor in Council directs the Committee to make more particular inquiry with reference to the questions referred to in paragraphs 27 to 30 and paragraph 34 of the Resolution of the Government of India relating to elective majorities on rural boards, selection of the Chairman of such boards, their financial resources, their powers of taxation and the degree of supervision to be exercised over the estimate for and the execution of their public works.

5. In my treatment of these various questions in this minute I propose to put the questions of official control and financial resources in the forefront and to deal with them at some length, as I strongly hold the view that the main causes which make these boards the inanimate bodies as they undoubtedly are, are this official control and the lack of resources.

Official control.

6. As to this, I have already pointed out that the Government themselves recognize that the development of local self-government has seriously suffered by reason of no action having been taken in the past to release these bodies from the guiding strings of official control and they have expressed in clear terms their own desire to effect the needful reform in this respect. Under these circumstances I had hoped that the recommendations of the Committee, acting under the directions above referred to, would suggest ways and means to give full and immediate effect to these wishes of Government. I regret, however, to observe that I am disappointed. The Committee recommend that the change from the Collector-President to the non-official President should not be made except with caution, and by way of experiment, in advanced districts, and that even in those cases such non-official President should, for the present, be only nominated and not elected and that the executive and the clerical staff of the board should be under the control of the Collector and not be responsible to the board and the President. They also recommend that the Collector's control should be further strengthened by transferring to him certain powers at present vested in Government under the existing law.

7. It is, of course, for Government to consider how far these recommendations meet their wishes as expressed in the Government Resolution already referred to, and how far they will help in emancipating the boards from the leading strings of official control and to infuse more vital and real spirit of local self-government in them. Speaking for myself, I am bound to say that they appear to me to be directly opposed to the spirit of the liberal policy declared by Government in their Resolution and to be calculated to reduce the boards more effectively than ever to the position of mere departments of state instead of their being, as they are intended to be, effective instruments for training in local self-government. I have no doubt that far from infusing a vital and real spirit of local self-government in these bodies, the recommendations proposed will kill what little vitality there may still be in them.

8. Before proceeding to consider in detail the recommendations of the Committee and stating my own views on the point, it will be convenient if I briefly review the history of this question since the time of Lord Ripon's Government. That Government expressly laid down that the district officers should, usually, not take part in the work of rural boards which should, as a rule, have elected non-official Presidents. I cannot do better than quote the very words of their Resolution of the 18th May 1882, which, in very emphatic terms, give the reasons for this fundamental principle in the constitution of these boards :—

“There appears to him (the Governor-General in Council) to be great force in the argument that so long as the Chief Executive Officers are, as a matter of course, Chairmen of the Municipal and District Committees, there is little chance of these Committees affording any effective training to their members in the management of local affairs or of non-official members taking any real interest in local business. The non-official members must be led to feel that real power is placed in their hands and that they have real responsibilities to discharge. It is doubtful whether they have under present arrangements any sufficient inducement to give up their time and attention to the transaction of public business. There is this further objection to the district officer acting as Chairman, that if the non-official members are independent and energetic, risk may arise of unseemly collision between the Chairman and the board. The former would be in a far more dignified and influential position if he supervised and controlled the proceedings of the board from outside acting as arbiter between all parties and not as leader of any.”

9. In spite of this declaration, the then Government of Bombay thought that it was inadvisable to have elected Presidents on Local Boards. Consequently the Local Boards Act, passed in 1884, provided that the Presidents of Local Boards should be officials nominated by Government; but at the same time, the Act gave power to the Governor in Council to authorize, if, and when, they like, the Local Boards to elect their Presidents. When the Bill on this subject was under the consideration of the Bombay Legislative Council, some of the non-official members opposed the clause dealing with the constitution of the boards and maintained that the Local Boards should be given the right to elect their own Presidents. The attitude taken by the non-official members of those days will be seen from what the late Mr. Badrudin Tyabji said at the time in his speech on the subject. He said :—

“I now come to the clauses affecting Presidents and Vice-Presidents, and, I confess, I entertain a very strong conviction that the success or failure of the system of self-government will very much depend on the manner in which this problem is solved. I would earnestly deprecate, as a general rule, the appointment of Collectors to be the Presidents of the Local Boards. I am satisfied that their presence, as a rule, will be sufficient to crush the independence of the members and I feel convinced that their presence or even their active influence would be quite enough to cause either an unseemly or undignified wrangle at every meeting of the board, or complete submission to the behests of the Local Authorities. I submit, therefore, that, as a general rule, at least the Presidents of the Local Boards should be non-official gentlemen, and I go further and say

that these Presidents should, as a rule, be permitted to be elected by the Local Boards themselves subject only to the approval of Government."

This opposition was, however, withdrawn by the non-official members on their being assured by the Government that the clause dealing with the constitution would be liberally given effect to. It is now over 30 years that the Bombay Government have not given any consideration to this matter of their assurance, by the exercise of the power given to them to authorize the Local Boards to elect their Presidents.

10. I strongly entertain the view that there can be no real self-government if the people are not trusted to manage local matters without the official rod at their elbow. I do not, for a moment, deprecate official control. It is at times necessary and justifiable, but such control, in my opinion, should be exercised from outside as contemplated in the Government of India Resolution of the 18th May 1882. I am convinced that it is essential to the success of local self-government scheme that the boards should be entirely freed from the overshadowing influence of Government officers inside them, however well-meaning and liberal-minded they may be. This will not, I am sure, diminish their importance or their usefulness to the board. They will be in a better position to advise the board from without than when they are participators in the action of the collective body. The Government of India in paragraph 5 of their Resolution, dated the 18th May 1882, say: "If District Collectors come to realise that the system really opens to them a fairer field for the exercise of administrative control and directive energy than the more autocratic system which it supersedes, then it may be hoped that the period of failures will be short, and that real and substantial progress will very soon become manifest." It is, therefore, in my opinion; absolutely essential to withdraw official control from the inner working of the boards and any glaring instance of wilful default or abuse of power can always be controlled by enforcing, if necessary, the provisions of the so-called bludgeon clauses which are already on the statute book.

11. I may mention here that in the two Bengals the right of electing Presidents has been conceded to the Taluka Boards for years past, and the Central Provinces District Boards enjoy the privilege of non-official Presidents.

Even in the interest of the public service my suggestion ought to commend itself to Government. The present official heads of the District and Taluka Boards have enough burden of work in connection with the revenue and the general administration and the cry all round is to relieve them of these extra burdens.

It is worthy of note that at present the official as President of Local Boards is the medium of correspondence between the board and Government, and as such it is his duty to place points before Government in a light reflecting the views of both parties. He as a President, however, has a view of his own, and it is only human nature that he should like to impress that view on Government. Is it not then likely that in doing so, especially in very controversial matters, his presentation of the case would not be altogether colourless? Besides, all the records of the board are in his charge, as a result of which the non-official members are at a considerable disadvantage as regards information bearing on questions coming up before the board.

12. It is again to be noted that the argument about the paucity of men able and willing to work as Presidents of Local Boards is out of date. Every district in this Presidency has, I believe, among its residents a body of Government pensioners, some of whom have served as Mámlatdárs, Deputy Collectors, Sub-Judges, Accountants, Engineers, Deputy Educational Inspectors, Head Masters of High Schools or in some other capacities in the several departments of the public service, and some of them must have had when in active service worked on Local Boards and even controlled its administration in their official capacity. These gentlemen would certainly be very glad to have an opportunity to help the cause of local self-government in their districts. Besides these gentlemen, there would be found men of experience and business habits among Jahagirdars, Inamdars, Watandars, Desais, Amins, Deshpandes and other land-holding classes as well as among mercantile classes and more particularly

among those practising as Vakils, Medical men and Engineers, from whom it would not be at all difficult to select competent men for the discharge of the duties of the President.

13. I should like to add here that I do not see any reason why the choice of a non-official President should be limited to the members of the board exclusively. The field of selection should be made as wide as possible by interesting other non-official gentlemen in the district in the work of Local self-Government. In all the towns and cities of this Presidency there is always a number of non-official gentlemen both European and Indian whose knowledge and experience may be most usefully turned to account as Presidents of Local Boards.

14. While on this point I should like to point out that even the Decentralization Commission which unfortunately recommends the continuance of the present system, does not do it on the ground that no capable men will be available to hold the office of President or Vice-President. The two main grounds on which they seem to support the retention of the Official President are that the change will convert the Collector into a mere tax gatherer and a repressor of crime and that it will divorce him from the healthy contact with the instructed non-official opinion. With regard to the first, it must be remembered that the Collector of a District is the representative of Government in all branches of administration. There is in fact not a single department of Government the affairs of which directly or indirectly do not come under his supervision. Under the Criminal Procedure Code he is given extensive powers over the personal liberties of the whole population of the District committed to his charge. As Chief revenue authority in the District his powers are still more absolute. The entire agricultural population is at his mercy. He is the person through whom the ryots can hope to obtain remission or suspension of revenue in bad years. He is the person who sanctions Tagávi advances, to whom the larger land-holders and Inamdars have to look up for assistance to collect their dues. He is the state treasurer in the District and it is he who controls the District Police. These are only some of his powers. His official position is so great that all officials and non-officials high or low in the district desire to know his pleasure. Having due regard to the gravity and multiplicity of the powers of the Collector the argument that the change from the Collector President to non-official President will reduce the Collector into a mere tax gatherer and repressor of crime does not require any serious refutation.

Coming to the second ground I can only observe that to me it appears still less tenable. The Collector has always numerous occasions to consult non-official opinion, if he has only the will to do so. Local Boards are hardly the centres where such opinions can be secured when it is remembered that as President of the Board the Collector meets the members usually only twice a year. What is really required is that the Collector and his subordinates should not regard Boards presided over by non-official gentlemen as alien departments and should behave with them in a spirit of friendliness and co-operation.

It is also urged that non-official President would not be in a position to acquire general knowledge of the district as he will not constantly travel. Of course it is true that a private gentleman cannot be expected to travel as constantly and as widely as a District Officer does, but when we consider that the Prant Officers and the Mamlatdars will under the Committee's recommendations continue to be the members on the Boards the objection ought not to prevail. I must mention here that the Committee in paragraph 41 of their report recommend that a provision should be made in the Act to grant travelling allowances to non-official Presidents and Vice-Presidents with a view to afford them needful facilities for travel.

It is, I believe, on these and similar other considerations that the Bombay Government in their Resolution appointing the Committee expressed very strongly in favour of the desirability of this change in spite of the recommendation of the Decentralization Commission to the contrary.

15. Lastly, I turn to the evidence of the witnesses consulted. The Committee in paragraph 19 of their report remark that there is a majority of non-official opinion in favour of non-official President and that yet there remain a substantial minority of non-officials who are in favour of official President. They also say that the official opinions by a substantial majority are in favour of retaining official President but do not point out that out of 100 officials consulted by them from the Presidency proper there is a substantial minority of $\frac{1}{4}$ th of the officials themselves in favour of non-official President.

Now with regard to non-official opinion, I beg to observe that the selection of the witnesses to be consulted was for the most part made by the Collectors themselves, and among the witnesses selected there is to be found a not inconsiderable number of pensioners and title-holders whose views on matters of this kind cannot be expected to be altogether free from official colour or bias. In spite of this the Committee had before them a majority of non-official gentlemen, numbering 64, in favour of non-official Presidents of District Boards and of 69 for Taluka Boards out of a total of 117 for the Presidency proper. I may also mention that some of the written opinions received by the Committee were from public associations and if that fact were considered the majority of non-official opinion would appear to be still larger.

Now coming to the question of the consideration of official evidence I may say at once that one need not be surprised to find a substantial majority of officials supporting the institution of official President, and it is really a sign of the times that the Committee could get so many as 25 officials out of 100 to support the case in favour of non-official President. It will not be out of place to mention here in this connection that it has been the experience of many a public man in this country that so long as questions relating to the rights of Indians to a larger share in the administration of their country are matters of theoretical discussions and confined to speeches and resolutions, their capacity and fitness for the exercise of high administrative functions are acknowledged without hesitation. But once the question seriously resolves itself into the matter of fact issue of "give" and "take" between the Government officers and the people all the stern realities of an *esprit de corps* present themselves to one's eye. In proof of this you have only to turn your attention to the evidence of the official heads of the administration in most of the districts of the Presidency who deprecate the idea of subjecting their districts to experiment in popular and public education. These gentlemen, I am afraid, ignore the results of the operation of progressive institutions in other parts of the world and refuse to believe in the effects of the civilising influences at work in this country. They seem to give a go-by to the fact that new forces are springing around them which must work their way and they do not seem to realise that as intelligence and education spread, those forces which impart vitality to people in other countries infuse fresh energy among the intelligent portion of all the classes even in this country and this vitality grows and permeates through different channels throughout the society in general.

16. After reviewing the whole evidence the Committee decides to advocate the experiment of non-official Presidents in only advanced districts and that too with caution and by way of experiment. What those advanced districts in the opinion of the Committee are is not stated. This half-hearted recommendation, I must say, loses all value when it is remembered that the non-official President even for such "Advanced Districts" should, according to the Committee, be nominated by Government and not elected by the board. I regret I have to express very strongly my disagreement on this point. One should have thought that a board consisting of a large number of elected members would like to be governed not by a nominated head but by a President of their own selection. Given an elected majority the principle of elected President, I think, follows as a natural corollary. If one examines the evidence of witnesses consulted, both official and non-official, who are in favour of non-official President, he will find that there is an insignificant minority to support the proposal of a nominated President, a minority so insignificant that the Committee have not thought it proper to support this recommendation on any

evidence. In fact, one can safely say that the witnesses who support non-official President are almost unanimous that he should be elected and not nominated. The Committee further propose that in districts in which the experiment of non-official President may be tried the Collector should be the executive head of the District Board's staff and should have control over the executive and clerical establishment of the Board. This recommendation, in my respectful opinion, suggests a highly retrograde move and I feel I must record my emphatic protest against it. Under the existing system, it may be noted, the board as a whole, and not the Collector President individually, has the power to appoint, dismiss or suspend its staff. Under the system advocated by the Committee a non-official gentleman is to preside and to carry on the administration of the board with an establishment over which he will have no means of control. The Collector will not only appoint, dismiss or suspend the staff but will also exercise the powers given to him under the controlling chapter which powers are again proposed by the Committee to be further enlarged. In this view of these recommendations I leave it to His Excellency the Governor in Council to consider whether they are calculated to emancipate Local Boards from the leading strings of official control and to foster real self-Government as desired by them.

17. In pursuing this subject further we find in paragraph 37 of the report the recommendation of the Committee on the question of the President of a Táluka Board. They say in regard to this that in some few cases in the Presidency proper non-official gentlemen with the necessary qualifications may be available and should be accepted. This recommendation is silent on the question whether the non-official President even in these few cases contemplated by the Committee should be elected or nominated. However that may be, there are two points that need consideration: one is that out of 117 non-official witnesses as many as 69, and out of 100 official witnesses so many as 31 in the Presidency proper, are in favour of non-official President for Táluka Boards and I may add that with only a few exceptions all these official and non-official witnesses are in favour of such President being elected and not nominated. The second point is that the functions of a Táluka Board, as they at present stand, are of a mere nominal character. They have hardly any power to spend money, for virtually they have very little money to spend. District Board is the chief spending body and what little the Táluka Board spends it does so as an agent of the District Board. Is it then at all difficult to get one man in the whole of the táluka to be the President of such board when experience has actually shown that in the case of Municipalities which have much larger funds to spend, there has been no difficulty in finding capable men to work as Presidents even in tálukas?

18. I now come to the Committee's recommendations with regard to the Vice-President. The evidence in favour of having elected non-official Vice-President both for District and Táluka Boards, is so overwhelming that the Committee in paragraph 16 of their report very rightly observe that there is a general concensus of agreement that the Vice-President should be an elected non-official. In view of this evidence thus noted by the Committee one should have thought that the Committee would recommend the necessary change in the existing law to meet the requirements of the situation. It is most unfortunate, however, that when the actual question of making necessary recommendation comes to be considered they, by a majority, hold that the law should stand unchanged and that it should be left to Government to give executive orders that no official be permitted to serve as Vice-President where a suitable non-official can be found. In support of this recommendation the Committee observe that it is clearly established by the general body of opinion that the combination of qualities necessary for the discharge of the functions of the Vice-President cannot often be found. This statement of the Committee is evidently inconsistent with their finding that there is a concensus of opinion in favour of elected non-official Vice-President and to my mind indicates a curious confusion as to the appreciation of the evidence before them.

The Committee further add that for the discharge of the functions of this office a man with leisure, vigor, aptitude for public affairs and public spirit is necessary. Is this combination of qualities to be found in the present-day

official Vice-President? Are they men with sufficient leisure and if so, what about the all round cry that the revenue officers are so overburdened with executive and administrative functions that the sooner they are relieved of their extra duties in connection with the Local Boards and Municipalities the better? Are they the people with aptitude for public business and public spirit? Is it not true that you can easily find among the non-officials more men with public spirit and aptitude for public business than among the officials?

The Committee further observe that there is no disinclination on the part of officials to utilise the services of qualified non-official gentlemen wherever they can be found. I am not prepared to support this statement. I know of a number of instances where the officers of Government have become Presidents and Vice-Presidents of Municipalities where non-official gentlemen far superior to them in ability with plenty of leisure, business aptitude and public spirit had to remain in the back ground.

Whatever may be the personal views of the majority of the Committee the fact remains that there is an almost unanimous opinion in favour of elected, non-official Vice-Presidents for both District and Táluka Boards and the Decentralisation Commission also supports this opinion.

19. These, then, are my views on the question of Presidents and Vice-Presidents of Táluka and District Boards. I, therefore, strongly appeal to Government that the existing law on the subject should be so amended as to provide that Presidents and Vice-Presidents of District and Táluka Boards shall be elected non-officials. Half-hearted measures and experiments will defeat instead of promoting the very object which Government have in view as so emphatically declared in their Resolution appointing the Committee. What should have been done years ago I am requesting Government to do now. It is, no doubt, a very difficult task to overcome the opposition offered by a large body of officials whose powers are likely to be affected by the proposed change and it must call for the exercise of all the resources of high courage statesmanship and a resolute determination on the part of any one to introduce this great administrative reform which is long overdue.

20. Lastly, in making this recommendation I do not shut my eyes to the argument that a hard and fast rule of law providing for elected non-official Presidents for all Boards might do more harm than good in a district here or a táluka there where the conditions require a different treatment. To meet such cases provision may be made in the law to invest the Governor in Council with power to direct by a notification in the Government Gazette that the whole or part of the general rule empowering the District or Táluka Boards to elect their Presidents and Vice-Presidents shall not apply to any táluka or district to which for exceptional reasons which shall be stated in the said notification, he shall deem such rule or part of it to be unsuitable.

Non-official elected President and Vice-President should be the rule and official the exception.

PART II.

Finance.

21. Next in importance is the question of the improvement of the finances of the Local Boards. I repeat what I have already stated before that the fate of these bodies will depend mainly upon the manner in which this question and that of the official control are solved by Government. For the purposes of my minute I propose to treat this subject under three heads—

1. Finance in relation to duties of Local Boards.
2. Finance in relation to local taxation.
3. Finance in relation to grants-in-aid.

22. The question of Finance goes hand in hand with that of the duties of Local Boards. Construction and maintenance of Local works of public utility in the early British period have a very interesting history. Village Panchayats and Village Funds soon became things of the past with the increase of imperial and provincial taxation. Local works thus came to be neglected though funds known as Male-Vero in Gujrath were to some extent utilised for the purpose. The Government, therefore, in 1863 introduced the levy of one anna cess on land revenue with a view that the amount realised by it might be of some assistance to them in meeting expenditure on local works. This levy was legalized by the Act of 1869. The principal feature of that measure was that the proceeds of the cess were to be devoted purely to local objects. Sir Barrow Ellis in moving that Bill stated :—"The people should receive by reason of the payment something which they had not before and which but for payment they would not receive at all." It is to be noted, however, that in the actual administration of these funds the original objects sought to be promoted were departed from and large sums of money out of the cess were expended on objects other than local. Later on, in 1883, a Bill to establish Local Boards was brought before the Legislative Council when the clause defining the duties of those Boards was subjected to much criticism mainly on the ground that it required them to expend the cess money on certain works, the construction and maintenance of which were more properly the concern of the imperial or the provincial Government. The clause was then modified and the duties which were considered to be in their nature more imperial or provincial than local were classified as discretionary and those regarded local, as obligatory. I must point out here that the description of obligatory duties was so worded as to include within its meaning duties which should really fall under the class of discretionary duties. Apart from this, the legislature of that day left another defect in the Act in not including therein any provision to make it obligatory on Government to transfer funds to Local Boards sufficient to meet the expenditure to be incurred by them on any of the discretionary duties. The Government of India in paragraph 5 of their despatch to the Government of Bombay, October 10th, 1881, laid down "It is not the intention of the Government of India that the proposed transfer of the control of expenditure of a specially local character to local bodies should involve any addition to existing local burdens and it will, therefore, be necessary to arrange for the simultaneous transfer of receipts sufficient to meet any net balance of additional expenditure which in any instance may arise. The nature of the receipts to be transferred requires careful consideration. They should, where possible, be of such a character as to afford a reasonable prospect that by a careful administration, with the advantages due to local sympathy, experience and watchfulness, they will so increase as to afford the means of meeting any additional expenditure which may be rendered necessary by the growing wants of each locality. In cases where a larger augmentation may be needed than is yielded by the receipts of a specially local character, it may perhaps be found possible to assign to local bodies the receipts from pounds or a share of assessed taxes, collected within the area of their jurisdiction."

23. The result of the absence of such a provision in the Act was that the Local Boards, under official Presidents, spent large amounts on what are described in the Act as discretionary duties to the neglect and prejudice of obligatory duties. The Decentralisation Commission, therefore, recommended that the duties of the Boards should be more clearly defined and that the expenditure on such works as veterinary, famine relief and plague should fall on Provincial Funds. It may be noted here that the Punjab Act makes no such classification of duties as obligatory and discretionary. The first part of section 20 of that Act specifies matters under six headings which, it says, shall be under the control and administration of each Local Board and then, it proceeds, in the second part, to describe under eleven headings matters, the control and administration of which, it says, may be transferred by the Local Government to Local Boards. What is more important still is that the Act by section 34 provides for the transfer of Funds to Local Boards by the Provincial Government for the efficient control and management of matters so transferred. The section says "When the control and administration of any matter is by or under this Act transferred to a District Board and at the time of the

transfer the cost of that control and administration is defrayed from Provincial revenue, the Local Government shall from time to time allot to the District Board such funds or place at the disposal of the Board such sources of income as may in the opinion of Local Government and of the Board be sufficient for maintaining the control and administration of the said matter in the state of the efficiency existing at the date of the transfer."

24. It seems to me, therefore, that our law on this subject in section 30 of the Act is materially defective and should be amended in two directions, *viz.* (1) the classification of obligatory duties should be so revised as to definitely restrict them to objects of purely local utility; (2) it should include a distinct provision for the transfer by Government to Local Boards of Funds sufficient to meet the expenditure on objects other than obligatory. I placed these views before the Committee and drew their attention to sections 20 and 34 of the Punjab Act but as no recommendation is made by the Committee on the subject I deem it my duty to invite the attention of Government to them.

25. I now proceed to the consideration of the question of Finance in relation to local taxation. The Committee in paragraph 85 of their report request Government to assent to the proposition that self-taxation is necessary to the success of local self-Government. Without disputing this proposition I should like to impress on the attention of Government the desirability of not associating local self-Government with local taxation to any considerable extent and of the use of great discrimination in the selection of heads for such taxation. Local taxation on any conceivable object or on objects selected without careful inquiry is bound to make local self-Government unpopular. I hope I shall not be misunderstood. I am not opposed to all local taxation. I recognise that circumstances beyond the control of the people have brought about a state of things in the administration of Local Boards, which call for some additional local taxation. The point that I really desire to emphasise is, that the best interests of local self-Government require that it should not be associated with excessive local taxation and that the heads for such taxation should be very carefully selected. If you, for instance, impose a cess on Excise or Forest revenue, local self-Government may not be unpopular on that account. If you, however, raise the land cess from one anna to two it is bound to be felt by the great body of agriculturists. There are very weighty reasons why I say we should proceed, as proceed we have to, in this direction very slowly and cautiously. It was never understood that the introduction of local self-Government in rural areas would involve any further local taxation beyond the one anna cess, nor was it, indeed, the intention of the Government of India when they introduced the system of local self-Government in Lord Ripon's time, to allow the imposition of any further local taxation for this purpose as is evidenced from paragraph 5 of their despatch to Government of Bombay quoted above.

Circumstances have, however, materially changed since. The administration of the country is somehow getting enormously costly year after year—so much so indeed, that some people already begin to doubt whether such costly machinery of administration is desirable or even necessary—new ideas under the civilising influence of the west spring up all around us and if progress has to be made, taxation must come as a matter of course.

I regret to observe that the Committee by a majority recommend that power should be given to Local Boards to raise the one anna cess to two annas and refuse to recommend the imposition of cess on either the Excise or the Forest revenue. I cannot persuade myself to agree with these recommendations and my views on these points are set forth in our joint minute.

26. Lastly, I propose to deal with the question of Finance in relation to Government grant. It appears to me that the recommendations of the Committee on the question of Government contribution towards the expenditure to be incurred by local bodies are far from satisfactory. The net result of those recommendations seems to me to secure to the Boards an addition of only $2\frac{1}{4}$ lakhs to the amount received last year. It is, in my

opinion, absolutely necessary in order to avoid any friction with and dissatisfaction on the part of local bodies that their relations on this question should be placed on a permanently satisfactory basis. In the first place, it must be made clear what exactly are the objects on which law requires Local Boards to expend local funds. It is also equally necessary that the Local Boards should know what exactly the Government contribution in the matter of such expenditure is going to be. It must, likewise, be laid down by statute that if the control and management of any matters not strictly local are transferred to Local Boards there shall be a simultaneous transfer of Funds from Government to Local Boards sufficient for their efficient control and management.

27. The first and third points I have already dealt with but the second, *viz.*, the desirability and necessity of fixing the share of Government's responsibility towards the expenditure incurred by Local Boards on objects which in law are known as obligatory, I propose to discuss now. The Committee recommend that a local taxation account should be opened and that to that account should be credited a two anna share of the excise revenue and a three pies share of the land revenue. The amount of the shares totals Rs. 36½ lakhs on the basis of present revenue under those two heads. I must say, I am not opposed to the principle underlying the scheme recommended by the Committee but, I am afraid, the course proposed is not at all likely to settle the relations between Government and the local bodies on a satisfactory basis unless the proportion of Government contribution towards the expenditure of Local Boards is definitely fixed and provision made to augment the amount in the account by increased shares of those revenues or in any other manner to make up the proportion so fixed. Take for instance that the expenditure of Local Boards goes up to Rs. 90 lakhs in 1916 instead of Rs. 77½ lakhs as in 1913 and Government have to the credit of Local Boards in the local taxation account Rs. 36½ lakhs under the scheme proposed by the Committee, Government may well say that they will not contribute anything more than 36½ lakhs standing to the credit of the Local Boards in their account. The Local Boards will be in a still worse plight if the income of the shares of the two heads of revenue proposed to be transferred to local taxation account goes down in any year. Again to put the other side of the case by way of illustration, suppose that the income of these shares of revenue expands in any given year to 52 lakhs and the Local Boards choose to spend Rs. 62 lakhs only for that year. The result will be that the Boards will be entitled to 52 lakhs standing to their credit in the local taxation account and spend only Rs. 10 lakhs from their own funds. Then again, there appears another difficulty if the recommendations of the Committee are accepted. In paragraph 117 of the report the Committee recommend that so far as Primary education is concerned Government should bear two-thirds of the expenditure on it, whatever the method of allotment may be. Now taking a possible case, suppose in a given year the total expenditure of Local Boards comes up to 80 lakhs of rupees out of which 60 lakhs are spent on education and the local taxation account has, say, 40 lakhs to the credit of Local Boards, Government will then be entitled to say that they will pay Rs. 40 lakhs in proportion of 2 to 1 towards educational expenditure and as in that case nothing will remain to the credit of the Boards in the taxation account after such payment they will be justified in refusing to contribute anything further towards the other expenditure. These and various other difficulties present themselves if the scheme proposed by the Committee is closely examined. No doubt, in paragraph 116 the Committee express a hope that as the expenses of Local Boards will increase Government will place to their credit in the local taxation account increased share of the land revenue. In expressing this hope, the Committee, far from suggesting any definite liability on Government, do not even attempt to point out how far they desire the Government to augment this account by such increased share of land revenue. It is mainly due to these considerations that I was induced to put before the Committee a scheme of my own which stands as scheme C among the schemes commended by the Committee for the consideration of Government in paragraph 118 of their report.

28. In discussing the merits of this scheme I may say at once that the liability of Government to make substantial contributions towards the expendi-

ture incurred by local bodies has not been and can never be denied. In fact, what is known as local self-Government as applicable to rural areas in this country is nothing but the transfer of control and management of certain minor matters of local administration from Government to the representatives of the people. Such a transfer without the simultaneous transfer of funds adequate enough to manage those matters efficiently is, I submit, as one of our members during our deliberations aptly remarked, putting price on local self-Government. For various considerations, however, it has been thought proper to call on the people to make some contribution towards this expenditure, and accordingly the agriculturists of this Presidency have been paying the one anna cess for the last 50 years. This contribution has been fixed by statute; but unfortunately no attempt has been made to fix any such liability on Government in this respect. It only stands to reason that the rights and responsibilities of of both sides in this important matter should be clearly defined and placed on a satisfactory basis. Holding these views, I am of opinion that Government grants to local Boards must bear some fixed proportion to expenditure. This view is supported on the high authority of the Chancellor of Exchequer, who in his speech in the House of Commons in May 1914 said "instead of being fixed the grant must bear a direct relation to the expenditure." He condemned the system of local taxation account in vogue in England for 25 years chiefly on the ground that it provided insufficient resources for local authorities and advocated very strongly direct grants-in-aid on a far larger scale. The proposed change, however, has been postponed there owing to the war. The Committee accept this principle in regard to expenditure on primary education and recommend as follows:—

"In regard to Primary education in particular, we recommend that Government be pleased to accept the principle that 2/3rds of the expenditure by the District Council may be met from the Provincial grant, whatever may be the method approved by Government for their allotment; and we beg to point out that this proportion of 2/3rds has, in fact, been contributed in recent years."

29. It is difficult to understand why the Committee do not recommend the application of the same principle in regard to expenditure on other heads. This partial recommendation does not, in my opinion, improve matters in any way. It is open to Government to say, as pointed out above, that in a given year their contribution for Primary education having exhausted the full amount due to the Board's credit in the account they were not liable to contribute anything towards any other expenditure. The situation will be still worse for the Local Boards if in a particular year the amount standing to the Board's credit be not sufficient even to cover the Government contribution towards expenditure on Primary education. The real solution lies in fixing the proportion Government should bear on both these heads. It is, of course, not easy to decide what that proportion should be. The Committee recommend that this proportion in respect of Primary education should be two-thirds. This finding appears mainly to have been based on the ground that Government have been of recent years contributing two-thirds. My humble suggestion is that the share of Government on this head of expenditure should be $\frac{3}{4}$ th and not $\frac{2}{3}$ rd, as recommended by the Committee. I also suggest in my scheme that the expenditure of local Boards on other works should be borne by the Boards and the Government in equal proportion. Of course, there appears to be no specific standard under which grants on this head of expenditure have been governed in the past, but that is no justification why a definite proportion should not now be fixed. Uncertainty of Government grants for this purpose is really very perplexing to Local Boards and must retard progress.

30. In support of my scheme for fixing these proportions for the Government contribution towards expenditure on education and other works, I beg to invite the attention of Government of the following considerations, *viz.*:—

1. The recommendations of the Committee in respect of the transfer of the control and management of Primary education will entail extra expenditure to the Boards for additional staff for inspection. This expenditure is now borne by Government; and if this fact were taken into consideration in fixing the proportion along with the finding of the Committee that Government have

been contributing two-thirds already, I have no doubt the need to raise the Government share to $\frac{3}{4}$ th will be fully realised.

2. Government have expressed a strong opinion so recently as 1910 that education for the people is essentially a function of the central Government.

3. The demand for more Primary schools is increasing year after year. Even with the larger contributions received from Government in recent years Local Boards have found it not at all possible to meet this growing demand. The recent orders of Government requiring the payment of sanctioned scale pay to trained teachers have added considerably to the Board's expenditure. The margin left for providing school houses is far too small, and it has been found difficult to meet this demand even with contributions by the villagers. The latest report of the Director of Public Instruction in this Presidency shows that in the Northern Division only 44 per cent. of the Local Board schools are held in buildings of their own, in Sind 43, in the Southern Division 36 and in the Central only 25 per cent. The condition of existing school buildings is far from satisfactory. The Honourable Mr. Lawrence in paragraph 5 of his note on the Commissioners' No. 3251, dated the 29th July 1915, says "the next point to which attention is invited is education. One-third of the Local Fund Cess (or Rs. 11 lakhs) is allotted to this head and Government have recently contributed over 20 lakhs. There is a general complaint, however, that the buildings are bad and the masters underpaid, and it is clear that the expenditure must largely increase in volume as soon as funds can be provided.

4. If the imperial policy of the extension of Primary education and the wish of His Imperial Majesty the King-Emperor so forcibly expressed in reply to the Calcutta University address are to be carried into effect, I have no doubt my suggestion will find favour with Government. I quote below the very words of His Imperial Majesty :—

"It is my wish that there may be spread over the land a net work of schools and colleges from which go forth loyal and manly and useful citizens able to hold their own in industries and agriculture and all the vocations of life and it is my wish, too, that the homes of my Indian subjects may be brightened and their labours sweetened by the spread of knowledge, with all that follows in its train, a higher level of thought, of comfort and of health. It is through education that my wish will be fulfilled and the cause of education in India will ever be close to my heart."

5. The conditions of rural areas preclude the possibility of local taxation to any considerable extent.

6. The Honourable Mr. Lawrence himself in his note above referred to shows that the expansion of Local Board Revenue has in no way kept pace with the expansion of Provincial revenues, which have increased from Rs. 380 lakhs to 790 lakhs during the last 25 years, and submits that in view of the importance to rural life of the services controlled by Local Boards a considerable enhancement of the Provincial subventions would be justified. He further points out that the grants for public works alone have increased during the same period from 40 lakhs to over to 100 lakhs, and says that it is for Government to weigh the comparative importance of continuing the progress of public works on the scale recently adopted and of the equipment of Local Boards with adequate financial resources. He also mentions that out of 410 lakhs of additional Government revenue during the above period the increased allotment to District Boards has amounted to 24 lakhs or only 6 per cent.

7. Government retain in their own hands a much larger proportion of the public revenue in this country than is the case with Governments of Western countries.

8. The past history of the administration of Local Boards shows that large amounts of Local Funds have been expended on works other than purely local, and the Boards have, therefore, on that account a special claim on Provincial revenue.

9. Last, but not the least, the intentions of the Government of India as distinctly expressed in paragraph 5 of their despatch quoted above in this

minute clearly indicate an obligation on the part of Government to transfer substantial funds for the Provincial Revenue to cover any additional expenditure required to meet the growing needs of Local Boards.

31. In view of the above considerations, there can be no doubt that the financial relations of Government and the Boards require to be placed on fixed basis, as suggested in my scheme. This all important question should have been pressed for solution on Government attention long ago. The best interests of local self-Government demand that this should no longer be delayed. The scheme proposed by me is simple, brief and easily workable and, to my mind, is a real solution of this difficult problem.

PART III.

32. The Committee in the chapter on functions, no doubt, make certain useful proposals recommending the grant of wider powers of control and management to Local Boards in respect of Primary education and public works. I, however, cannot regard these recommendations as a step in advance towards giving to the Boards and their members enlarged responsibilities and a wider scope for intelligent and useful work unless they are accompanied by the two main reforms I have advocated above. So long as the officials remain Presidents of Boards any such transfer of wider control and management will mean practically nothing more than a mere transfer of them from expert Government officers to the Collector President—a state of things not at all desirable from any point of view. Even where the Collector President will make room for the non-official President the latter according to the Committee's proposals will be nominated and will have to work with executive and clerical staff not responsible to him but appointed and controlled by the Collector. I cannot understand what wider opportunities for intelligent and useful work by the representatives of the people can be expected under such a system. I do not propose, therefore, to deal with the recommendations under the head of functions at length, and shall now proceed to record my views on some of the paragraphs of the report with which I am unable to concur.

33. Para. 4.—The Committee observe that their recommendations are necessarily and purposely elastic as they recognise that the proposed reforms cannot be introduced everywhere and at once. This, it may be noted, is the old argument on which Government supported the elastic nature of the constitutional clauses contained in the existing Local Boards Act when the Bill on the subject was before the Council in 1884. I have already pointed out that the non-official members of those days took exception to those clauses being kept elastic and that they withdrew their opposition on the strength of the assurances then given. In spite of this, no action has been taken all this time, and is it then right to suggest that the law should still stand elastic and unchanged and that, too, in spite of the enormous progress the country has made during the last 30 years.

34. Paras. 8 and 9.—I cannot support the conclusion of the Committee recorded in paragraph 9 that the evidence of the gentlemen consulted shows a wide diversity of opinion on the four points referred to in paragraph 8. My reading of the evidence as a whole convinces me that the official and non-official opinion is mostly in favour of having elected majority, non-official elected Vice-President and against separate representation for any special Communities or sections. It is only on the question of President that there is a diversity of opinion. The result of the evidence on this last point given in paragraph 19 of the report shows that the majority of officials favour official President and the majority of non-officials favour non-official President.

I cannot also accept the conclusion that it is universally admitted that the conditions of the different districts and talukas vary so widely as to necessitate the retention in the hands of Government power by rule to apply different systems to different conditions. What is really wanted, in my opinion, is a general rule applicable to all the districts and talukas of the Presidency with power in the hands of Government to exclude any district or taluka for very exceptional reasons from the operation of such rule.

35. *Para. 10.*—I cannot persuade myself to agree to the proposition that under present conditions a minority nominated by Government is indispensable. I believe that a stage has long been reached when in the true interests of self-Government, it is necessary that the Local Boards should be made wholly elective. Many of the witnesses examined by the Decentralisation Commission including the late Honourable Mr. Gokhale expressed strongly in favour of this view. The same view is also expressed by some of the witnesses consulted in this inquiry. In principle, election is admittedly better than nomination. Nomination by Government has a demoralising effect. It is believed that a nominee must always see eye to eye with the officers to whom he owes his nomination. One of our experienced Collectors Mr. Hatch has rightly described an average nominated member in his reply to a question put by me when he was examined by the Committee. I quote below the question and answer.

Q.—Don't you know that there is a non-official majority on the District Boards at present? Do you suggest that non-official nominated gentlemen would always favour the view taken by the Collector? Is that what you suggest?

A.—They have I suppose a tendency to go in with the official view. I think there is a tendency. I have noticed it.

How is it then that a nominated non-official gentleman has the tendency to support the official view? Is it because of the realisation that the official view is the correct one as Mr. Hatch would have the Committee to believe or is it really because of his anxiety to remain in the good graces of the officers to whom he owes his nomination and to whom he has to look up for re-nomination? The Committee justify the retention of this system to enable Government to make provision for representation of minorities and of gentlemen, who for divers reasons are unwilling to submit themselves to election by ordinary territorial constituencies but who, if on the board, would make very useful members. It seems clear, however, that the Committee by a majority recommend special electorates to provide for the representation of minorities and of the gentlemen referred to. On the Committee's own recommendation, therefore, nomination on Local Boards would appear unnecessary.

The late Mr. Badrudin Tyabji pressed for $\frac{3}{4}$ ths elected majority for District Boards and $\frac{2}{3}$ ths for Taluka Boards in 1884. Is it then too much to now ask Government to make these boards wholly elective? Unless an undivided responsibility is thrown on the people, it is believed, Local Boards will not fulfil their real purpose of serving as training grounds for the education of the people in self-Government.

36. *Paras. 14 and 39.*—I am not for separate electorate for title holders or honorary Magistrates either for the taluka or the District Boards. Their number is small. Besides, most of them will certainly come in under property or educational qualifications. Separate electorate for them is, therefore, not necessary. The seats recommended for them may well be added to those reserved for educated classes.

37. *Para. 27.*—The Committee observe that experience has shown that complete freedom of speech and independence of action are not incompatible with the presence of the Collector. I am sorry I cannot subscribe to this, in face of the evidence before the Committee to the contrary. I have fresh in my mind the evidence of Mr. Apte, President of the Poona Municipality, describing very graphically what actually happens in District Board Meetings with Collector in the Chair.

38. *Paras. 31, 32 and 101.*—Village Panchayats.

I do not know if the recommendations made by the Committees with reference to the Village Panchayats come within the scope of our inquiry. The terms of reference to the Committee do not include the subject of Village Panchayats. Paragraph 10 of the Government Resolution seems to me to indicate that any discussion of this subject is outside the sphere of the Committee. Personally I should have been much pleased had Government empowered the Committee to consider the whole question of Local self-Government beginning from Village Panchayats. In fact, I suggested to the Honourable the Chairman very soon after the appointment of the Committee that he should move Govern-

ment for the necessary powers in that behalf. Later on, during our deliberations on the various questions referred to us we found ourselves confronted with numerous difficulties for want of such powers. We thought that the question of Village Panchayats should form an integral part of our recommendations and the Honourable the Chairman, therefore, wrote to Government inquiring if they desired the Committee to make any recommendations on the subject of Village Panchayats which, it was suggested in that letter, should be the basis of Local self-Government. This view of the Committee has the support also of the opinion of the Decentralisation Commission expressed at page 264 of their report in the following words "The institution of Village Panchayats will furnish an electorate which should certainly not be overlooked by Local Governments in dealing with the methods by which a more effective elective representation on the Sub-District Boards can be procured". The Commissioners also observe at page 239 of their report "it is probable, indeed, that the scant success of the efforts hitherto made to introduce a system of rural self-Government is largely due to the fact that we have not built from the bottom". Government, however, in their reply to the Committee's letter distinctly refused to accept the suggestion that the Committee should make a representation on the subject and added that as at present advised they were opposed to any suggestions that the Village Panchayats should be subordinate or should stand in any direct relationship to the Local Boards, the idea being that these bodies should form administrative entities entirely outside and distinct from the scheme of Local Board organisation. This, then, is the decision of Government; however, regrettable it may be from the Committee's point of view or of the best interests of the Local Self-Government question. The Committee, in my opinion, should under these circumstances have better left the question alone. They have, however, made certain suggestions on this matter in paragraph 32 of the report which, I think, are not supported by any evidence before them. One of these suggestions refers to the imposition of local taxation, *e. g.*, house tax in the villages in which the Village Panchayats may be established. I cannot join in that recommendation in the absence of any materials before the Committee to support it and in view of the express opinion recorded by the Royal Commission in this respect. At page 244 of their report the Commissioners say "we consider it essential to the popularity and efficiency of the Panchayat system that it should not be associated with any new form of local taxation, for, the evidence shows that the imposition of taxation of this character has made such bodies as the existing unions and sanitary committees unpopular".

39. *Para. 34.*—The Committee hold that they are not prepared to recommend the abolition of the Táluka Boards but that they see no reason for modification in the existing law and rules governing the relations of the Táluka and Boards. On this latter point I am unable to agree with their view. The Royal Commission after very elaborate examination of the subject on this point recommend that it is desirable to give Sub-District Boards a large measure of financial independence and to this end they suggest the allotment of one half share of the land cess to those bodies. This view of the Royal Commission is supported by the opinion of a number of witnesses consulted by the Committee and I commend it for the consideration of Government.

40. *Para. 44.*—The Committee recommend that the President of the reformed Council should have a separate office for himself and his staff and that even where the Collector remain President the District Council staff should have a separate room readily accessible to the non-official Vice-President and the members of the Council. I agree with this recommendation. They, however, say that they do not consider it necessary to carry this separation to the Táluka Board. I regret I cannot agree with them in this view. It does not matter much so long as the present system of Sub-Divisional Officer President and Mámlatdár Vice-President continues but once you have a non-official President and a non-official Vice-President or Sub-Divisional Officer President and a non-official Vice-President or non-official President and Mámlatdár Vice-President, it is, I think, absolutely necessary to have a separate office for the Tálukaa Board also.

41. *Para. 60.*—I cannot support the recommendation that the appointment of an Engineer should be subject to the approval of the Superintending

Engineer in view of the fact that such appointments made by the Municipalities are not subject to any outside sanction.

42. *Para. 72.*—Only a dozen non-official witnesses appeared in person before the Committee. None of them, so far as I know, suggested that Primary Education should be transferred to Local Boards free from all central control. All of them were in favour of existing central control being maintained but they were opposed to any *additional* powers being given to the Collector in Educational matters. It was suggested to some of these witnesses in questions put to them by members of the Committee whether it was not necessary that the Collector should be invested with powers to get a school opened or such other thing done when he might think it necessary and they replied that those powers should remain with the expert department and Government as at present. In this view I agree with them and the criticisms of the Committee, on this point, are in my opinion not justified.

43. *Para. 74.*—I am not opposed to the main principle involved in the recommendation that the School Committee should consist of members elected by the Board and nominated by Government and that such Committee should have very wide powers particularly in matter of discipline. I am inclined to think, however, that unless there is a substantial majority of the representatives of the District Board on this Committee the essential feature of the Committee's recommendation, *viz.*, the transfer and control of the management of Primary Schools to Local Boards will be lost sight of. To ensure that the District Boards have real and effective control in the matter of Primary education the Committee should be so constituted as to enable the representatives of the boards to have a preponderating voice in the decision of every question coming up before them. I, therefore, suggest that the Committee should consist of 9 members, six of whom should be elected representatives of the District Boards. This proportion, it may be noted, is in keeping with the recommendations of the Committee on the main question that the boards should have an elective majority of two-thirds.

44. *Para. 81.*—With respect to veterinary work, the Committee recommend the continuance of the existing system. But I may point out that at page 256 of their report the Royal Commission on this subject observe "when the Civil Veterinary Department was organized it was intended that Local Veterinary relief should be a function of rural Boards. They now pay largely for these works but in most provinces have very little control over it, the staff having been provincialised. This policy is defended on the ground of efficiency and of the want of interest taken by District Boards in veterinary work. In present circumstances we think that this work should be made entirely provincial and that the boards should not be obliged to contribute to a service which they do not control. Later on, however, as the scope of veterinary operations develops it may be desirable to hand over the local management to such Boards as wish to undertake it." I agree with the Commissioner's view and cannot, therefore, join in the recommendations of the Committee on this point.

45. *Para. 93.*—The safeguards proposed are in my opinion not sufficient. Motion to raise one anna cess to two annas should, I think, be voted by $\frac{1}{3}$ rd of the total number of non-official members of the board in a meeting composed of non-official members only or by majority of the total number of the elective members of the board in a meeting of the elected members only. Law safeguards the interests of a Chief Officer or a Municipal Commissioner of a Municipality by providing that motion for his removal shall be voted by a at least $\frac{3}{4}$ ths of the total number of members. The necessity for such safeguard is greater in the case of a motion affecting the whole agricultural population of a district.

46. *Paras. 102 and 103.*—Tolls.—Four members of our Committee are opposed to the recommendations on this point. Lord Sydenham's Government ordered the abolition of tolls on Provincial roads in 1908, and in 1914 Government decided to induce the Local Boards to do the same on their roads. The reasons for this abolition are summarised at pages 117 to 120 of the Blue Book quarterly, 1915, second quarter. Any relaxation of the existing burdens on

the rural population is certainly welcome. It is urged that the financial conditions of Local Boards does not permit any measure which will deprive them of any existing source of revenue. I find from page 120 of the quarterly referred to that Government had this very point before them. It is there stated "now the financial position of the Boards is not so strong as that of the Provincial Government. In the somewhat exiguous income of some Boards the revenue from tolls forms a considerable part. Government, therefore, decided to recoup such Boards as would agree to abolish their toll bars in the way prescribed in their Press Note which explains itself." I have only one word to add that it would not be a wise policy to renew a tax so recently abolished.

47. Having thus briefly stated my views on the questions dealt with in some of the paragraphs of the Committee's report I now proceed to refer to the following points, *viz.*,

- (1) Communal representation.
- (2) The alternative schemes referred to in paragraph 22 of the Committee's report.
- (3) Powers of control.
- (4) Removal of members by Government.
- (5) Increase of one anna cess up to two annas.
- (6) Cess on A'bkári revenue.
- (7) Forest cess.

On these points the Honourable Rao Bahadur Sathe and myself differ from the majority and record a joint minute. To that minute I should like to add a few words of my own on points 1, 3 and 5.

Communal representation.

48. When the Local Boards Bill which became Bombay Act I of 1884 was under the consideration of the Legislative Council the late Mr. Badruddin Tayabji as a member of the Council urged that the District Boards should have $\frac{2}{3}$ th elected majority and Taluka Boards $\frac{2}{3}$ rd and observed the real object and scope of nomination by Government ought, I submit, to be nothing more than to correct and adjust any accidental defect in the composition of the Local Boards and to secure a due and impartial representation of the different classes of people and *this, I think, would be sufficiently provided for if the powers were reserved to Government to nominate say, not more than $\frac{1}{3}$ rd of the members of the Taluka Committees and say, not more than $\frac{1}{4}$ th of the total number for District Boards."*

According to the recommendations of the Committee there will remain in the hands of Government power to nominate $\frac{1}{3}$ rd of every Board. That being so, the question of communal representation does not arise for solution according to the view of Mr. Tyabji.

Power of Control.

49. Our minute on this point deals only with the subject of outside control. The Committee, it appears to me, has given undue importance to this subject. If one reads paragraphs 45 to 51 and 106 to 111 of the report in this connection he may, at first sight, be led to think that our law is materially defective in this respect. As a matter of fact I find, on a comparison of sections 62 to 67 of our Act with corresponding sections of Acts of the other provinces on the subject, that the powers of control given by our Act are in no way less stringent but in some respects wider. Sections 44 of the Punjab Act and 38 of the Madras Act allow the controlling powers there described to the Collector only in cases where he is not a member of the Board; and in cases where he is such a member they very properly vest them in the Commissioner. Our section 62 makes no such distinction. To allow one member to have controlling powers over the acts and proceedings of the Board is to crush the independence of all its other members. I brought this to the notice of the

Committee and proposed that wherever the Collector remains a member or becomes President of the Board the powers of control should vest in the Commissioner. This suggestion has not been accepted.

Local Boards Acts of the other provinces contain provisions empowering the Collector to suspend the execution, or prohibit the doing of anything which, in his opinion, is causing or likely to cause injury or annoyance to the public, or a breach of the peace. Exactly similar provision is contained in section 64 of our Act. The Acts of the other provinces give powers in emergency cases to the Collector to provide for the execution of any work, or the doing of anything which, in his opinion, is necessary for the service or safety of the public. Our Act by section 65 also gives similar powers to the Collector when, in his opinion, their exercise is necessary for the health or safety of the public. It may be noted here that the Assam Act expressly gives powers to the Commissioner to rescind or alter any order passed by the Collector in such cases but our Act does not make any such provision.

The Central Government in other provinces have power to provide for the performance of any duty imposed on the Boards by law. The Bombay Act makes similar provision in section 66 of the Act.

Lastly, power is vested in the Central Government in Bengal, United Provinces, Punjab, the Central Provinces and Assam to suspend any Board if it persistently makes default in the performance of its duties or is not competent to perform them or exceeds or abuses its powers. It is worthy of note that the Madras Act gives no such power to the Central Government but our Act does so by section 67.

I might add here that our Act by section 63 gives power to the Commissioner to prevent extravagance in establishment by the Local Boards while the Acts of some of the other provinces give no such power to the Commissioner.

The Committee in paragraph 50 of their report recommend the adoption of the Assam Act as a model in this respect. But if we read paragraphs 47 and 111 of their report it looks as if they mean much more than this. To take paragraph 47 only, they say that neglect in regard to the maintenance of a road or the provision of a school would fall outside the power of the Collector under our Act. I have already made it quite clear that such power of intervention is not vested in the Collector by the Assam Act or by the Acts of any other provinces except in emergency. If as a result of the neglect of a road there is likelihood of immediate danger to the safety of the public the Collector has the power to take action under our Act as much as he has under the Acts of the other provinces. If on the other hand there is no likelihood of immediate danger to the public the Collector can move Government who are empowered to take the necessary action under section 66. This is so also in all the other provinces. It may be stated that neglect of the provision of a school can never be regarded such a matter of emergency as to justify the Collector in any province to take action under the emergency provision. It is difficult to understand what the exact recommendations of the Committee in this respect are. I have carefully compared the provisions of our Act on this point with those of the other provinces and I am of opinion that if any change is needed to bring our Act on a line with the Acts of those provinces, it is at least in the direction of divesting the Collector of the controlling powers in cases where he is himself a member or President of the Board and vesting them in the Commissioner.

Increase of one-anna cess.

50. In paragraphs 90 and the 91 Committee lay great emphasis on the distinction between a compulsory additional cess imposed by order of Government and a voluntary additional cess imposed by the District Council and point out that the idea of the imposition of taxes by the District Councils is a novel conception and difficult of comprehension. They also maintain that it is difficult to find any reasonable ground to withhold from a local body fully representative of the people the power to levy its own taxation. I beg to point out that the idea of voluntary taxation is not a novel one in this country. Some of the other provinces have in their Acts for years past provisions for such taxation. Besides, all the Municipalities in India have been exercising this power ever since they were constituted.

With regard to the second point, I beg to point out that the Punjab Act, though it gives power to the District Board to impose such taxes as may be approved by the Local Government, expressly provides that no such tax shall be imposed by the Local Board in respect of any property subject to the *Local rate*. (*Vide* section 30 of that Act.) Thus the Punjab Legislature, though it provides for voluntary taxation by the Boards, withholds from them the power to levy any *taxation on land*.

51. On the last day of the meeting of the Committee at Poona I placed several suggestions before them for their consideration. Some of those suggestions were accepted unanimously by the Committee and adopted in paragraphs 38, 40, 41, 52, 53 and 64 of the report. Some, however, were rejected, and I take this opportunity to invite attention of Government to a few of them in the following notes:—

Under section 6 of the existing Act every Municipal District containing more than 5,000 inhabitants is entitled to return one member to the Táluka Board and under section 7 every Municipal District containing more than 18,000 population is entitled to return one member to the District Board. I drew the attention of the Committee to the desirability of allowing every Municipality in a táluka irrespective of population to return a member to the Táluka Board and every Municipality with a population of 10,000 to return one member to the District Board. The Committee accepted my view with regard to the first suggestion but rejected it with reference to the other. The principle involved in both cases being the same, I place this matter before the Government for their consideration.

Section 22 of the Act gives power to the Collector to correct any erroneous entry in the lists of voters and candidates. The Act, however, provides no remedy to a person whose application to enter his name in the list is rejected by the Collector. The Bombay Municipal Act provides for an appeal in such a case to the Chief Judge of the Small Causes Court against an action of the Municipal Commissioner. Some such remedy, I suggested to the Committee, must be provided for in the Act. The suggestion was negatived by 4 against 3 of our Committee and is, therefore, also noted for the consideration of Government.

Section 24 provides that if at any election of a Local Board under the Act there is an equal number of votes in favour of each of two or more persons the election shall be made by the Collector by lot. Rules framed under the Act (*vide* page 180 of Cumming's Local Board Manual), however, give power to the Chairman to give a casting vote in case of equality of votes. These rules, therefore, are clearly *ultra vires* of the section and the amendment of the section or the repeal of the rules is necessary. This view, however, did not find favour with the Committee and is, therefore, included in this minute.

Sir Narayan Ganesh Chandavarkar in his written as well as oral evidence advocated the appointment of a Special Officer to guide and advise the Local Boards. In his written replies he says: "The third thing is to appoint a Special Officer to advise, guide and connect into a whole the threads of the Local Boards administration throughout the Presidency. He should be the centre of it and he should move among the people in villages, especially study their local wants and by sympathy arouse their interest in the Local Boards administration. We have a Special Officer for agriculture, we have one for co-operative organisation and both the officers have given life to the causes they have made their own by their devotion and by their movement among the people." Some of the witnesses have supported this view while others have advocated the creation of a Local Self Government Board.

The Committee have made no recommendation with regard to these suggestions but they appear to me worthy of consideration by Government.

Some witnesses have also suggested that the District Boards should be empowered to associate with the Collector in certain matters of general administration affecting the district and stated that law should provide for the election by the District Board of a Special Committee for this purpose. This suggestion is also, in my opinion, deserving of great consideration.

V. J. PATEL.

Mir Ayub Khan's Note.

Province of Sind and proposed amendments to the Bombay Local Boards Act.

It must in the first place be admitted that the state of things in the Presidency proper so materially differs from that in Sind that something for which the Boards of the Presidency proper may be prepared may not be suitable for Sind and though that thing may prove useful enough for them, may very likely have just the contrary effect in Sind. In Sind, which is admittedly a Moslem province, the progress of education has been very slow, specially so in the mofussil places. Even the Hindus of Sind taken as a whole are not so advanced in education as their brethren in the Presidency proper. Such being the case the people of Sind have remained and to a certain extent may continue to do so with the present state of affairs in the Local Boards as managed by the officials, who notwithstanding their having kept them as official concerns have done an immense amount of good. From all this we should not be led away to deduce that the amended Act, when passed, should not apply to Sind. Sind is steadily advancing and people are awaking to their different responsibilities, and may in the near future claim, and rightly too, to be justly treated in the same way as the rest of the Presidency. What is wanted for the present is to apply the amended Act cautiously and by degrees on the following lines.

I. *The Presidents* of the District and Táluka Boards must continue to remain officials as at present. But if a District Board by three-fourths of its non-official element asks for a right to elect its own President (Non-official), it must be given such a right. This privilege should not be extended to the Táluka Boards for the present unless the Collector of a district recommends it.

II. *Vice-Presidents* of the District Local Boards which have an official President, must as a rule be non-officials elected by a majority, subject to the formal approval of the Commissioner in Sind, who may in rare cases withhold his approval if an unfit or unworthy person has been elected. The Boards under these circumstances shall have a right of appeal to the Governor in Council. When the President is a non-official, the Vice-President to be elected under existing rules.

As regards the Táluka Boards executive orders should be given that the Mukhtiyarkars should not be permitted to serve as Vice-Presidents except where no suitable non-official can be found. Such non-officials to be nominated by the Collector and not elected. The Collector in making a choice might consult the members of the Táluka Board.

III. The proportion of the elected to the nominated (including the President, if official) should be 2 to 1 on District as also on the Táluka Boards.

IV. *Engineering establishment.*—I am of opinion that Mr. A. D. Young-husband's scheme as detailed in his letter No. 1165 of 24th June 1912, to the Secretary to Government, General Department, is best suited for Sind. This scheme would most certainly prove a great improvement on the one now existing and would greatly facilitate the work of all the Local Boards in Sind.

Main roads within the Local Board limits which are also used by Government troops and are in nature similar to the Tata-Jungshahi Road should be taken over by Government and provincialized. Such roads have proved to be a white elephant to the boards and absorb a large amount of money.

V. *The educational administration* must also be carried on according to Mr. Younghusband's scheme as detailed in his letter referred to above.

VI. *The representation of minorities* by creation of a special electorate for them, has no application to Sind, because the minority there (Hindus) take good care to have more than the lion's share in election, and manage to come in by nomination also. None the less if it is found by experience or on complaint from responsible and representative bodies that the Mahomedans do not get their proper share in elections and suffer thereby, it would be essential to fix a certain number of seats to be exclusively contested by

Mahomedans and only Mahomedan voters shall have the right to vote. It must be left to the Commissioner in Sind to take such action at the recommendations of the Collectors when necessary.

VII. It would most certainly make the Local Boards more attractive in the public eye if the members of the District Local Boards and Táluka Boards were made "Durbaries" of the Commissioner and Collectors respectively during the term of their office. In this connection I would like to draw attention to the Honourable Mr. G. H. Bhurgri's concluding paragraph (his answers to the questions sent) and would recommend the same most strongly.

VIII. Local Boards may be empowered to levy new taxes for their needs subject to the sanction of the Government, provided such taxes are recommended by two-third non-official majority present at the meeting (of which timely notice must be sent to each member along with full agenda) and provided that Government from its own revenue is prepared to contribute a sum equal to the one raised by such self-taxation.

The raising of the Local Fund Cess up to a maximum of 2 annas I would not advocate unless it was unanimously proposed in the first place and in the second place Government come forward with double the amount raised by such extra tax.

MIR AYUB KHAN.

The Honourable Moulvi Raffiuddin Ahmad.

Paragraph 15.—With regard to the enabling clause (section 11 (c) (2) of the Municipal Act) provided for as a remedial measure for the Mahomedans in the municipalities and proposed to be copied in the new Local Boards Bill, it is worthy of note that though it was introduced with the best possible motive it has remained a dead letter. Nothing has caused greater disappointment to the community than the abortive nature of the clause. During the last 15 years it has never been brought into operation anywhere in the Presidency, though cases were repeatedly brought to the notice of Government where its operation in order to do justice to the Moslems was absolutely necessary. For instance, in reply to an interpellation in the Council it was revealed that there were no less than Municipalities in the Presidency proper where no Mahomedan had been elected since the last 30 years. One of these Municipalities is that of the city of Poona where a few years ago a sub-committee was appointed to inquire into the evil, and leading Brahmins like Mr. N. C. Kelkar and Mr. H. N. Apte, who were on the committee, unanimously recommended that seats should be reserved for Mahomedans by election in the Municipality. The general body however rejected the proposal summarily.

The clause can never be otherwise than a dead letter. The fact of the matter is that the personnel of the Government periodically changes and what one Member of the Executive Council in charge of the portfolio of local self-Government thinks today his successor very often does not do so tomorrow. The result is that there is no continuity in the policy of the Government regarding such enabling clauses. But even if a new Member desires to make a departure from the established practice in favour of the Mahomedans, the majority, which is also a strong and an articulate party, set themselves against him in so many ways that he thinks it a safer course to leave things as they are because hostile criticism is the very last thing which a new Member who has reputation to make desires to court. With such experience of the result of the enabling clause in the District Municipal Act, are we not justified in asking for something more definite and binding in the constitution of the new Local Boards?

I am therefore convinced that the only way to remedy this long-standing evil is for Government to fix by enactment the number of seats in every district and taluka to which the Mahomedan community is entitled in accordance with their numerical strength and importance and other local considerations. Such seats to be filled exclusively by Mahomedans by means of a separate register to be prepared by the Local Government in consultation with the Mahomedan community.

Paragraph 12.—Representation of Mahomedans as a community has been clearly promised in the Municipalities and District Boards by Lord Minto, and it would not be out of place to reproduce here Lord Minto's assurances. Replying to the deputation of Mahomedans on October 1st, 1906, His Excellency said: "The pith of your address as I understand it is a claim *that in any system of representation*, whether it affects a municipality, a district board or a Legislative Council, in which it is proposed to introduce or increase an electoral organisation, the Mahomedan community should be represented as a community. You point out that in many cases electoral bodies as now constituted cannot be expected to return a Mahomedan candidate, that by chance if they did so, it could only be at the sacrifice of such a candidate's views to those of a majority opposed to his own community, whom he would in no way represent. You justly claim a numerical strength in respect to the political importance of your community and the service it has rendered the Empire. I am entirely in accord with you." Further assurance has been conveyed to the Indian Mahomedans by means of a correspondence which took place between myself and the Home Secretary to the Government of India which is given below:—

Sir,—I beg to draw the attention of His Excellency the Viceroy to a misunderstanding which has arisen in the minds of a considerable number of Indian Mahomedans, owing to the ambiguity of an expression in His Excellency's telegram to the Secretary of State for India of 3rd of May last. The words used are:—

"If interpreted literally, that would involve having separate Mahomedan electorates proposed such as presidency corporations, district boards, municipalities,

universities, landholders, and the commercial community. This is manifestly impracticable."

These words are generally construed to mean that the Government of India no longer intend giving separate electorates to Mahomedans in District Boards and Municipalities. Personally I think such a construction of the sentence to be impossible because it would mean the virtual withdrawal of the definite promise given to Mahomedans on the subject by His Excellency in his reply to the Mahomedan deputation of 1906, of which I had the honour to be a member.

Nevertheless, since a widespread anxiety prevails among the Mahomedans, I am sure it would be a source of great satisfaction to them should His Excellency graciously remove the existing doubt upon the subject by assuring the community that the telegram in question referred solely to Council electorates and not to elections of Municipalities and District Boards.

Yours faithfully,

RAFIUDDIN AHMAD.

Simla, 22nd July 1909.

Sir,—In reply to your letter dated 3rd of July 1909, addressed to Sir Herbert Risley, I am directed to say that, as surmised by you, His Excellency the Viceroy's telegram, dated the 2nd of May last, addressed to the Secretary of State for India, referred solely to the electorates proposed for the enlarged Legislative Councils and not to Municipalities and District Boards regarded as local administrative bodies.

Yours faithfully,

HAROLD STUART,

Acting Home Secretary.

Paragraph 14.—The special constituency proposed for the benefit of the Mahomedan Community gives a very inadequate representation to the Mahomedan Community, and unless a larger representation commensurate with its numerical strength and importance is vouchsafed to it by election, continuance of the protection afforded to it by nomination is absolutely necessary. With regard to nominations, Collectors should not be debarred from nominating Mahomedan members if they think they would be useful on the boards only because they belong to a minority which has been provided for by election.

Paragraph 76.—I entirely agree with the opinion of the Government of Bombay expressed in paragraph 66, that "the education of the people was essentially a function of the central Government, which local bodies are not capable of discharging." And I am of opinion that local board schools should be managed by the department as at present. But if control of primary schools is to be handed over to district councils at least girls' schools and Mahomedan schools should be left to the management of the department. We find by experience that wherever the control of the department has been diminished or removed Urdu schools have enormously suffered. Municipalities have been showing great reluctance in opening new Urdu schools.

RAFIUDDIN AHMAD.

Received by the Chairman on 16th December 1915.

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APPENDIX A.

(*Vide* paragraph 2.)

No. 6444.

GENERAL DEPARTMENT.

Bombay Castle, 18th August, 1915.

* Resolution of the Government of India, Department of Education (Municipalities), No. 55-77, dated the 28th April, 1915.

Memorandum from the Secretary, Legislative Council, No. 1736-L., dated the 21st July, 1915—

Stating that the resolutions Nos. 5 and 6 moved by the Honourable Mr. V. J. Patel at the meeting of the Legislative Council held on the 14th July, 1915, regarding the proportion of elective members on Local Boards and the election of Presidents of Local Boards were passed in the following modified forms :—

“ 5. This Council recommends that the Governor in Council may be pleased to consider whether the number of elective members on such of the Taluka and District Local Boards in the Presidency as the Governor in Council may think fit shall be not less than two-thirds of the whole Board.

“ 6. This Council recommends that the Governor in Council may be pleased to consider the desirability of directing that the Presidents of such of the Taluka and District Local Boards in the Presidency as the Governor in Council may think fit be elected by such Boards.”

RESOLUTION.—Copies of the Resolution should be forwarded to all Commissioners, Collectors, Superintending and Executive Engineers, the Sanitary Commissioner for the Government of Bombay, the Sanitary Engineer to Government, the Sanitary Board, the Director of Public Instruction, the Municipal Commissioner for the City of Bombay, the Accountant General, the Remembrancer of Legal Affairs, and the Educational, Public Works, Revenue and Financial Departments for information. The Collectors should be requested to communicate copies to the municipalities and local boards of their respective districts.

2. With reference to paragraph 6 of the Resolution, the propriety of dispensing with the condition to which the increase of the proportion of elective councillors to two-thirds has, in the case of municipalities other than City Municipalities, hitherto been subject, namely, the selection of a Government servant to be chief executive officer, is now under consideration.

3. With regard to paragraph 7 of the Resolution the Governor in Council has already been pleased to direct, under section 23 (2) (c) of the District Municipal Act, that in future the President of any Municipality for which a Municipal Commissioner has been appointed shall be elected by such Municipality. In accordance with this decision the Municipalities of Ahmedabad and Surat will, in future, elect their Presidents. The question of extending the concession to all other City Municipalities is under consideration.

4. The recommendation conveyed at the conclusion of paragraph 9 of the Resolution should be commended to the attention of the municipalities of the class referred to. For the present there is no evidence of any special need to resort to legislation of the character indicated, but the Governor in Council will be prepared to take action in this direction in the event of any tendency manifesting itself on the part of municipalities to withhold from their executive officers functions and responsibilities with which, in the interests of good municipal government, it is desirable that they should be invested.

5. In paragraph 23 of the Resolution the Government of India suggest that the Government control in respect to the creation of minor posts on

municipal establishments might be relaxed. Under section 46 of the District Municipal Act all appointments made or allowances granted by a municipality require the sanction either of Government or of the Commissioner as the case may be. The Governor in Council is disposed to think that this degree of control is excessive and that, so far as the creation of posts or the grant of allowances which involve a charge on municipal funds not exceeding Rs. 50 per mensem is concerned, municipalities might be given a free hand. Before coming to a final decision in the matter, he desires to be favoured with the views and recommendations of the Commissioners.

6. While the recommendations of the Decentralization Commission which form the basis of the present Resolution of the Government of India are generally in accordance with the methods of administration already prevailing in the Bombay Presidency so far as municipalities are concerned, it is evident that the administrative system of the local boards of the Presidency falls short of the standard set by the Commission in respect to the organization of these bodies on a popular basis and their emancipation from official control. Although it must be recognized that such causes as the essential difference between urban and rural conditions, the rigidly restricted resources of the local boards, the absence in their case of powers of self-taxation, the extent to which their funds are regularly absorbed by the ordinary maintenance charges of existing works and institutions, and, finally, the comparatively limited scope of their functions generally, militate against progress, it is nevertheless the fact that, in comparison with the substantial advance which has taken place of late years in respect to municipalities, the development of local self-government in the case of local boards has been disappointingly slow. The annual reports on the administration of these bodies testify with monotonous reiteration to the lack of interest and the absence of active co-operation on the part of the non-official members and the almost complete apathy and indifference of the electorate. It is difficult to avoid the conclusion that this state of affairs is to a large extent attributable to the fact that the system of administration of the local boards still remains what it was when these bodies were first constituted under the present Act some thirty years ago and that during all that time there has been no movement in the direction of endowing them with a more liberal organization and releasing them from the guiding strings of official control.

7. In these circumstances the Governor in Council is of opinion that the time has come when the whole question of local board administration in this Presidency should be brought under review for the purpose of ascertaining whether it is not possible to introduce into the existing system certain changes which, while leaving unimpaired the power of Government and their officers to intervene when maladministration or the culpable neglect of obligations on the part of local boards occurs, will not only confer on these bodies a freer scope and greater responsibility in the management of their affairs but will also ensure that they themselves are by the nature of their constitution more widely and truly representative of the interests which they administer. In other words, the object which he has in contemplation is the infusion of a more vital and real spirit into the principle of local self-government as applied to the administration of the rural boards of this Presidency.

8. With this aim in view the Governor in Council has decided to appoint a Committee comprising both officials and non-officials and representative of every division of the Presidency for the purpose of considering and reporting what changes it is desirable to effect in the constitution of the district and taluka local boards and their system of administration in order to secure a greater measure of progress in the development of this form of local self-government. The members of the Committee will be as follows :—

The Honourable Mr. H. S. Lawrence, I. C. S., *Chairman*.

Mr. F. G. Pratt, I. C. S.

Mr. C. N. Seddon, I. C. S.

*Mr. G. E. Chatfield, I. C. S.

* Mr. J. R. Martin, I. C. S., was appointed in place of Mr. G. E. Chatfield, I. C. S., by G. O., G. D., No. 7400 dated 24th September 1915.

The Honourable Rao Bahadur G. K. Sathe.
 The Honourable Mr. V. J. Patel, Bar-at-Law.
 Rao Bahadur R. C. Artal, I.S.O.
 Mir Ayub Khan *walad* Jam Mir Khan of Lasbela.

—

Among the questions which the Committee will more particularly consider in the course of their deliberations are those referred to in paragraphs 27 to 30 and paragraph 34 of the Resolution of the Government of India relating to elective majorities on rural boards, the selection of the chairmen of such boards, their financial resources, their powers of taxation, and the degree of supervision to be exercised over the estimates for and the execution of their public works. The Governor in Council hopes that it will be possible for the Committee to submit their recommendations not later than the end of October next.

9. In the concluding portion of paragraph 32 of their Resolution the Government of India announce certain concessions additional to those mentioned in Government Resolution No. 3895, dated the 10th May, 1915, relating to the means which district boards may adopt for raising the resources required to enable them to undertake railway projects. These bodies, under the present orders, will be permitted to raise a public debenture loan on the security of the prospective railway, while at the same time no obligation will rest on them to accumulate a special sinking fund for the redemption of the debentures. The Collectors of districts should be requested to invite the attention of the district local boards to these orders.

10. With regard to that portion of the Resolution which deals with village organization, the Governor in Council has decided to prepare two separate Bills in place of the existing draft Village Panchayat Bill, the one dealing with the question of civil jurisdiction and the other providing for village administration. These measures are still under consideration.

J. L. RIEU,
 Secretary to Government.

APPENDIX B.

(*Vide* paragraph 2.)

LIST OF WITNESSES EXAMINED ORALLY.

On 24th September 1915.

Mr. H. F. Beale, M.Inst.C.E., Secretary to Government, Public Works Department.

The Honourable Diwan Bahadur K. R. Godbole, Retired Executive Engineer.

On 28th September 1915.

Major F. G. H. Hutchinson, I. M. S., Sanitary Commissioner to the Government of Bombay.

Major G. K. Walker, C.I.E., F.R.C.V.S., Superintendent, Civil Veterinary Department.

On 30th September 1915.

The Honourable Mr. W. H. Sharp, M.A., Director of Public Instruction.

— The Honourable Moulvie Rafiuddin Ahmad, Bar-at-Law, was subsequently added to the Committee.

On 1st October 1915.

Mr. G. W. Hatch, I.C.S., Collector of Poona.
„ E. J. Bolus, I.C.S., Assistant Collector, Poona.
„ F. B. P. Lory, M.A., Deputy Director of Public Instruction.
„ G. F. Keatinge, I.C.S., Director of Agriculture.

On 18th October 1915.

Khan Bahadur Syed Shamsuddin Kadri, I.S.O., B.A., F.B.U.
Mr. H. N. Apte.

On 19th October 1915.

Mr. R. P. Karandikar.
Sir Narayan G. Chandavarkar, Kt.
Mr. G. K. Chitale.
„ Daji Abaji Khare.
„ N. C. Kelkar, B.A., LL.B.
The Honourable Mr. D. V. Belvi, B.A., LL.B.

On 20th October 1915.

Rao Bahadur N. T. Vaidya.
The Honourable Mr. Upasani, B.A., LL.B.
Mr. Jivanji Limjibhai.
The Honourable Rao Saheb V. S. Naik.

APPENDIX C.

(Vide paragraph 7.)

Paragraph 794 of the Decentralization Commission's Report.

794. With few exceptions, official opinion is unanimous in favour of retaining the Collector as President of the District Board. The preponderance of non-official opinion, especially in Madras, the two Bengals, and the Central Provinces, is in favour of an elected non-official President. Some of the non-official witnesses, however, desire to retain the Collector as President; others, again, recognized that competent non-official Chairmen could not easily be found, in many districts, and that the displacement of the Collector must be gradual

Evidence for and against the Collector's presidency of the District Board.

APPENDIX D.

(Vide paragraph 28.)

*Extract from Local and Central Government by Percy Ashley, M.A.
(pages 89—91).*

The Councils-General represent in the main the middle class, the *bourgeoisie*; M. Hanotiaux describes the Council-General of the Department of the Aisne as consisting of ten manufacturers, eight farmers, seven men of independent means, three doctors, six lawyers (three retired from practice), a publicist, a contractor, and an architect. He adds:—

“The men who form the Council-General, whatever the political party to which they belong, are certainly by intelligence, education, and merit, at the head of the small area which has elected them. The majority of them keep their seats for years, and so acquire valuable experience. These assemblies, if I may judge by the one with whose work I am acquainted, are really excellent in every way, except that a slight oligarchical tendency and a somewhat excessive regard for the interests of the *bourgeoisie*

class cause them sometimes to close their eyes to the needs and reasonable aspirations of the democracy. However that may be, I do not think that in all our constitutional system there is any assembly in which one can acquire a better or more exact knowledge of public affairs. There the aptitude of the race for self-government really appears. The praises which we often bestow on certain foreign institutions might be given, at least in part, to these local, reasonable, and unobtrusive assemblies, which in their quiet way are truly an ornament to our politics and constitution."

The office of President is one of distinction, and is frequently held by men prominent in national life. Thus at the August meetings in 1905 amongst the presidents elected were a former Prime Minister, some other present and past ministers, about thirty senators, and nearly a score of deputies. The elections to the Councils-General are fought generally on political grounds, and at the commencement of the session political resolutions are frequently passed,* but after that the councils settle down to their work, and national politics pass into the background.

APPENDIX E.

(*Vide* paragraph 51.)

Section 7 of the Assam Local Self-Government Bill of 1914.

Removal of members. 7. The Chief Commissioner may remove any member of a Local Board—

- (a) if he refuses to act or becomes incapable of acting ; or
- (b) if without an excuse sufficient in the opinion of the Chief Commissioner he absents himself from four consecutive meetings of the Board ; or
- (c) if, where he is a salaried servant of Government, his continuance in office is, in the opinion of the Chief Commissioner, undesirable ; or
- (d) if he becomes subject to any of the disabilities stated in clauses (i), (ii), (iii), (iv) and (v) of the proviso to section 4, subsection (4), clause (d) ; or
- (e) if his continuance in office is, in the opinion of the Chief Commissioner, dangerous to the public peace or order or likely to bring the administration of the Board into contempt.

APPENDIX F.

(*Vide* paragraph 51.)

Extract from paragraph 32 of letter No. 7273, dated 10th October 1913, from the Government of Bombay, General Department, to the Government of India, Department of Education (Local Boards).

The Bombay Local Boards Act does not give power to Government, as in the case of municipal councillors (*vide* section 16 of the Bombay District Municipal Act, 1901), to remove from office an elected member (other than a President or Vice-President) who is guilty of misconduct in his duties, or of any disgraceful conduct, or becomes incapable of performing his duties. With

* Thus, at the commencement of the August session of 1905 many resolutions were passed on the proposed separation of Church and State.

a view to removing this defect it is proposed to add after section 11 of the Bombay Local Boards Act, 1884, the following section :—

“ 11-A. The Governor in Council in the case of District Local Boards, and the Commissioner in the case of taluka local boards, may, if he thinks fit, on the recommendation of the local board remove any member of the local board elected or appointed under this Act, if such member has been guilty of misconduct in the discharge of his duties or of any disgraceful conduct or has become incapable of performing his duties as a member of the local board.”

With regard to the concluding clause of paragraph 798 I am to state that disputes of the first kind are already under section 25 of the Bombay Local Boards Act referable to the Courts. There is no other statutory provision regarding other disputes, and they would presumably be decided by the Commissioners, or possibly, if the matter were of an important nature, by Government. But such disputes must be of extremely rare occurrence, and in the opinion of the Governor in Council it is scarcely necessary to make special provision for them.

APPENDIX G.

(Vide paragraph 55.)

Extract paragraph 15 from letter No. 7273, dated 10th October 1913, from the Government of Bombay, General Department, to the Government of India, Department of Education (Local Boards).

15. The proposal that local boards should engage their own engineers, either by borrowing from the Public Works Department, or by recruiting independently for the execution of the works will have an effect directly opposed to that just contemplated. It involves a duplication of the staff for the performance of the same amount of work. At the same time it affords no solution of the question of cost which has been referred to above. After careful consideration therefore, His Excellency in Council is unable, at present advised, to recommend its general adoption in this Presidency, and will rather rely on the policy indicated in paragraphs 13 and 14 above for bringing about the desired improvement in the system of the execution of local fund works, although, as already indicated, he has no objection to recourse being had to it experimentally as a temporary expedient and to meet exceptional conditions.

APPENDIX GG.

(Vide paragraph 57.)

Extract paragraphs 122 to 124 of the Madras Local Fund Code.

122. The Engineer and his subordinates will be appointed by the President of the District Board in accordance with the rules given below. The sanction of Government is necessary, as in other cases, for all appointments carrying a maximum salary of Rs. 250 per mensem or upwards. The engineering establishment will be completely under the orders of the President.

G. O. No. 1231-L., dated 29th June 1887, L. F., P. W., Rule 2.

G. O. No. 758-L., dated 25th May 1908.

G. O. No. 228-L., dated 13th February 1912.

1. Local Boards should employ only Engineers locally born and trained or locally trained, and should recruit their staff from that source.

G. O. No. 478-L., dated 2nd May 1905.

2. The total cost of the engineering establishment should not exceed 20 per cent. of the outlay on works.

G. O. No. 721-L., dated 26th June 1886 (paragraph 68).

122-A. All persons who may be appointed to the office of District Board Engineer will be required to pass the third-class test in the chief vernacular of the district in which they are employed. The test will be conducted by the Board of Examiners.

A period of two years will be allowed for an officer to qualify in a vernacular language and until he so qualifies he will be considered to be on probation. If he fails to do so within that time, his appointment will be terminated except in special cases in which a short extension may be granted by Government on the recommendation of the President on special grounds.

G. O. No. 608-L., dated 14th May 1904, as modified in G. O. No. 113-L., dated 28th January 1907.

G. O. No. 1198-L., dated 23rd August 1912.

122-B. No person shall, without the express sanction of Government, be appointed to the office of Assistant Engineer, unless he has obtained either the University degree of B.E. or the Civil Engineering College certificate of the Engineer class.

G. Os. Nos. 999-L., dated 12th September 1905, and 753-L., dated 25th May 1908.

122-C. No person shall, without the express sanction of Government, be appointed to the post of Overseer or Sub-Overseer, either by promotion from a subordinate grade or otherwise, unless he has obtained one or other of the following certificates, namely :—

For the post of Overseer.—A certificate of the Sub-Overseer and Surveyor class of the College of Engineering, Madras, or a certificate as Lower Subordinate of the College of Engineering, Roorkee, or a certificate as Sub-Overseer of the College of Engineering, Sibpur or Poona.

For the post of Sub-Overseer.—A certificate of the draftsman class of the Engineering College, Madras, or a certificate as Mechanical draftsman or draftsman and computer of the College of Engineering, Roorkee, or a certificate as Sub-Overseer of the College of Engineering, Sibpur or Poona.

G. O. No. 969-L., dated 15th August 1906.

1. Presidents of District Boards are authorised to exempt unqualified persons for employment as Overseers and Sub-Overseers in temporary and acting vacancies for periods not exceeding six months at a time, if no qualified men are available, subject to the condition of the pay of acting men, is calculated on the minimum pay of the lowest grade of Overseers or Sub-Overseers as the case may be.

G. O. No. 947-L., dated 2nd July 1908.

123. The Engineer can transfer his subordinates from one range to another only with the previous approval of the President.

124. The following scale of salaries which is mainly based on the mileage of roads supervised and the amount of expenditure on Public Works, which the Engineers are required to control, is recommended for adoption by District

Boards. This scale will not be applicable to Engineers in the service on the 7th October 1903, except with the special sanction of Government in each case, but will apply to appointments made after that date. In filling up vacancies, preference shall be given to men already holding the appointment of Engineer or Assistant Engineer, provided that they are considered otherwise thoroughly suitable.

LOCAL FUND ENGINEERS.

Seven, first-class, on Rs. 600-10-900 each in the districts of Godavari, Guntur, Kistna, Madura, Malabar, Tanjore and Tinnevely.

G. O. No. 1380-L., dated 27th October 1900.

G. O. No. 150-L., dated 9th February 1905.

Five, second-class, on Rs. 500-10-700 each in the districts of North Arcot, South Arcot, Coimbatore, Salem and Vizagapatam.

Seven, third-class, on Rs. 400-10-600 each in the districts of South Canara, Chingleput, Cuddapah, Ganjam, Nellore, the Nilgiris and Trichinopoly.

G. O. No. 1635-L., dated 24th December 1904.

Three, fourth-class, on Rs. 300-10-500 each in the districts of Anantapur, Bellary and Kurnool.

Note.—The increments will be annual in all cases.

G. O. No. 1261-L., dated 7th October 1903.

G. O. No. 1423-L., dated 5th October 1912.

ASSISTANT LOCAL FUND ENGINEERS.

First class	...	...	Rs. 250—5—300
Second class	...	...	„ 200—5—250
Third class	...	...	„ 150—5—200

The number and grade of Assistant Engineers to be entertained in each district will be determined by Government from time to time. The above scale will not be applicable to Assistant Engineers in the service on the 24th December 1904 except with the special sanction of Government in each case, but will apply to appointments after that date.

G. O. No. 1631-L., dated 24th December 1904.

SUBORDINATE ENGINEERING STAFF.

The following scale of pay for the subordinate engineering staff is recommended for adoption by District Boards :—

Overseers.

				Pay.
First grade	...	...	...	Rs. 100
Second grade	...	...	...	„ 80
Third grade	...	...	...	„ 60

Sub-Overseers.

First grade	...	...	...	Rs. 50—4—70*
Second grade	...	...	...	„ 40—2—50*
Third grade	...	...	...	„ 30—2—40*

G. O. No. 86-L., dated 16th January 1887.

G. O. No. 1675-L., dated 18th November 1907.

APPENDIX H.

(*Vide* paragraph 59.)

Extract paragraphs 6—9 from letter No. 7273, dated 10th October 1913, from the Government of Bombay, General Department, to the Government of India, Department of Education (Local Boards).

6. With regard to the proposal that the boards should maintain an engineering service of their own, the following alternative arrangements are discussed in the joint report of the Commissioners :—

- (i) that each individual board should appoint its own engineer and staff ;
- (ii) that all the boards comprised in a single division should jointly maintain a general cadre of engineers who would be interchangeable between such boards ;
- (iii) that Government should lend to individual boards the services of engineers on the Public Works Establishment in the same way that Government lend the services of their officers to municipalities for employment as Chief Officers, the boards paying the usual pay plus pension contribution.

7. The Commissioners represent that the last named system is free from the serious disadvantages which they have cited in paragraphs 7 and 8 of their joint report as attaching to the other two alternatives, and they recommend that Government should intimate to selected local boards their willingness to place at the disposal of any of them to services of a Public Works officer provided that such board agrees to pay him a salary commensurate with his position in Government service and the responsibilities of his new duties. They further suggest that a beginning in this direction might be made in two specified districts of the Presidency in which the Executive Engineer is exceptionally busy with purely Government work.

8. The Commissioner in Sind, on the other hand, is inclined to favour the entertainment of a well paid and highly qualified local fund engineer for the whole Province of Sind at the joint expense of all the local boards, with an assistant in each district (or possibly in some cases an assistant for two districts), such engineer, while technically in subordination to the several district local boards, being in practice controlled on their joint behalf by the Commissioner.

9. The Bombay Government have given very careful consideration to the several arrangements referred to above. With regard to the three alternatives discussed in the joint report of the Commissioners, they recognize the validity, so far at least as the Presidency proper is concerned, of the objections urged against that which contemplates the joint maintenance of a cadre of engineers by all the boards comprised in a single division, but they are not prepared to admit that the difficulties stated to exist in connexion with the engagement by individual boards of their own engineers would be insuperable, especially in the case of an exceptionally wealthy board having an unusually extensive programme of works for execution. While they are prepared, therefore, to approve the proposal recommended by the Commissioners in the joint report, they consider that the local boards concerned should not necessarily be required to draw on the ranks of the Public Works Department for the engineers they desire to employ, but should be given the alternative of engaging their engineers from outside the Government service should they consider it in their interests to do so.

* Biennial increments.

APPENDIX I.

(Vide paragraph 60.)

No. D/134 of 1915.

PUBLIC WORKS DEPARTMENT:

Mahableshwar, 27th October 1915.

To

THE PRESIDENT,
Local Funds Committee.

Sir,

I have the honour to supply the information you asked for in your letter No. L. S. G./29, dated 24th September 1915.

2. From the figures at my disposal I have first of all divided the District Local Boards into three classes according to their expenditure on all works, Statement I.

1st Class	...	... spending over Rs. 2 lakhs.
2nd „	...	... between Rs. 1 and 2 lakhs.
3rd „	...	... under Rs. 1 lakh.

3. In Statement II, I have taken the approximate Public Works Department charges on works carried out by them. I have taken 10 per cent. but this is not correct; the only figures I had were for Belgaum, and these gave 9.9 per cent., 9.9 per cent. and 12.2 per cent. for the 3 years. For the purpose of Statement II, 10 per cent. is close enough. I then assume that in future the Public Works Department will not carry out more than one-fourth of the work they have done hitherto (column 5), and the saving in Public Works Department charges will therefore be three-fourths of column 3 = column 4.

If this be accepted the figure in column 4 gives the maximum cost permissible for the increase in Local Fund Engineer establishment charges.

4. I then proceed to estimate the cost of a staff necessary to deal with the expenditure of each district, in three classes. Certain officials can be lent by the Public Works Department, as stated in my evidence, and the rates entered are based upon this supposition.

The provisions made may appear somewhat liberal, but it is easy to underestimate requirements and then to experience difficulties in obtaining a qualified and trustworthy staff. The figures put down are averages and include therefore a provision for occasional promotion, *i. e.*, men would have to be appointed on lower pay to commence with. All districts are supposed to contain 2 sub-divisions. If 6 talukas go to the district, each sub-division would have 3 talukas in the 1st class district in charge of the 2 Upper Subordinates, and the Engineer would have command of the whole district.

In the 2nd and 3rd class districts, the Engineer would have command of the whole district and keep in his immediate charge either one or two talukas, and place the remainder under the Upper Subordinate.

A Lower Subordinate is provided for each taluka. The annual expenditure estimated is—

					Rs.
1st Class	...	...	...	...	30,792
2nd „	...	...	...	...	20,916
3rd „	...	...	...	...	16,392

The last are therefore the most expensive in proportion to their expenditure. I am not aware of the present Local Fund expenditure on engineering establish-

ment, but if it is roughly Rs. 9,000 per annum in each district, the increase in cost will be—

					Rs.
1st Class	...	...	...	...	22,000
2nd „	...	...	...	...	12,000
3rd „	...	...	...	...	7,000'

Turning to Statement II we may compare—

22 with	...	{ 12 Thána, 20 East Khándesh.
12 with	...	{ 13 Sholápur, and about 6 average for the others.
7 with	...	{ 15 Broach, and about 4 average for the others.

But the Public Works Department charges in Sind are so low that it would certainly not pay to employ a staff of the nature outlined above in that province. The cost of the 3rd class establishment is about equal to what the 2nd class districts in the Deccan will save in Public Works charges, and it might be advisable to commence by appointing such an establishment for one of these districts in each division, with the single difference of the Engineer, who should be of the Sub-engineer class.

5. Statement III shows the powers I think may be entrusted to the Local Board Engineers. These powers may be looked on as maximum powers, and I would suggest that the lower powers, say for 3rd class, may be given to 2nd class Engineers in the first instance until the system has been tested for a year.

6. Finally I propose that the provisions of the Madras Local Fund Code be adopted, with some modifications as shown in the accompanying notes.

Where the new recommendations do not clash with the provisions of the existing Bombay Local Fund Code, as regards Engineering matters, these should generally be allowed to stand.

Account matters have not been dealt with. These can be settled in consultation with the Accountant General. Where the proposals affect officers of another department, *e. g.*, Sanitary Commissioner, the Committee will no doubt first consult that department before adopting the article.

I have the honour to be,

Sir,

Your most obedient servant,

H. F. BEALE,

Secretary to Government,
Public Works Department.

Documents accompanying—

Notes and statements referred to.

STATEMENT I.

Statement showing the total expenditure incurred by various Local Boards on works and repairs on their own account and by the Public Works Department on their behalf.

District.		1912-13.	1913-14.	1914-15.	Total.	Average.
1		2	3	4	5	6
<i>Deccan and Gujarát.</i>			In thousands of		Rupees.	
1st Class ...	1. Thána ...	3,26	2,55	2,31	8,12	2,71
	2. East Khándesh ...	3,79	2,88	3,20	9,87	3,29
	3. Sholápur ...	99	72	4,02	5,83	1,94
	4. Ahmedabad...	1,08	82	1,14	3,04	1,01
	5. Belgaum ...	1,22	1,27	1,36	3,85	1,28
2nd Class...	6. Dhárwár ...	1,30	2,04	77*	...	1,67†
	7. Sátára ...	1,78	1,43	1,03	4,24	1,41
	8. West Khándesh ...	99	1,57	1,15	3,71	1,24
	9. Násik ...	1,46	1,33	99	3,78	1,26
	10. Poona ...	1,36	1,74	1,58	4,68	1,56
3rd Class ...	11. Surat ...	2,88	2,86	2,72	8,46	2,82
	12. Broach ...	45	80	93	...	86*
	13. Kolába ...	65	65	15*	...	65
	14. Ratnágiri ...	76	93	96	2,65	(one year) 88
	15. Bijápur ...	73	65	63	2,01	67
3rd Class ...	16. Kánara ...	1,72	3,54	3,85	5,26	1,75
	17. Panch Maháls ...	98	77	81	2,56	85
	18. Kaira ...	98	77	81	2,56	85
	19. Ahmednagar ...	98	77	81	2,56	85
<i>Sind.</i>						
2nd Class...	20. Karáchi ...	81	1,33	1,35	3,49	1,16
	21. Hyderabad ...	1,50	91	32*	...	1,21*
	22. Lárkhána ...	74	96	36*	...	85*
3rd Class ...	23. Sukkur ...	85	78	...*	...	82*
	24. Mirpur Khás ...	1,06	99	90	2,95	98
	25. Upper Sind Frontier ...	59	77	61	1,97	66
	26. Nawábshah ...	29*	86	10*	...	86
						one year's figure.

* Local Fund figures not available.
† = Average for 2 years.

STATEMENT IA.

The expenditure incurred in the various districts in the Deccan and Gujarát by the Public Works Department on behalf of Local Funds.

District.	1912-13.	1913-14.	1914-15.	Total.	Average.
1	2	3	4	5	6
In thousands of Rupees.					
1. Thána ...	1,97	1,52	1,41	4,90	1,63
2. East Khándesh ...	3,34	2,40	2,42	8,16	2,72
3. Sholápur ...	74	46	3,83	5,03	1,68
4. Ahmedabad ...	46	44	59	1,50	50
5. Belgaum ...	82	78	69	2,28	76
6. Dhárwár ...	64	1,13	77	2,00	67
7. Sátára ...	1,31	93	51	2,75	92
8. West Khándesh ...	64	1,26	78	2,68	89
9. Násik ...	1,02	90	55	2,47	82
10. Poona ...	75	1,06	89	2,70	90
11. Surat ...	1,21	1,41	1,13	3,75	1,25
12. Broach ...					
13. Kolába ...	...	16	13	29	14*
14. Ratnágiri ...	45	21	15	36	18*
15. Bijápur ...	40	58	41	1,39	46
16. Kánara ...	22	23	23	73	24
17. Panch Maháls...	90	1,06	1,13	3,09	1,03
18. Kaira ...					
19. Ahmednagar ...	54	47	69	1,70	85
NOTE.—These figures do not include Establishment and Tools and Plant charges.					
<i>Sind.</i>					
20. Karáchi ...	...	56	24	80	27
21. Hyderabad ...	26	22	32	80	27
22. Lárkhána ...	...	16	36	52	17
23. Sukkur ...	...	1	...	1	3
24. Mirpur Khás ...	35	42	35	1,12	37
25. Upper Sind Frontier ...	...	14	8	22	7
26. Nawábshah ...	29	18	10	57	19

* = Two years' average.

STATEMENT I (b).

The expenditure incurred by Local Boards on Works and Repairs, carried out by their own staff.

District.	1912-13.	1913-14.	1914-15.	Total.	Average.
1	2	3	4	5	6
<i>Deccan and Gujarát.</i>		(In thousands of rupees.)			
1. Thána ...	1,28	1,03	90	3,21	1,07
2. East Khándesh ...	45	48	78	1,71	57
3. Sholápur ...	25	26	19	70	23
4. Ahmedabad ...	62	48	55	1,65	55
5. Belgaum ...	40	49	67	1,56	52
6. Dhárwár ...	66	91	A	...	78*
7. Sátára ...	47	50	52	1,49	50
8. West Khándesh ...	35	31	37	1,03	34
9. Násik ...	44	43	44	1,31	44
10. Poona ...	61	68	69	1,98	66
11. Surat ...	1,67	1,45	1,59	4,71	1,57
12. Broach ...					
13. Ratnágiri ...	35	44	A	...	39*
14. Kolába ...	48	64	80	1,92	64
15. Bijápur ...	36	35	55	1,26	42
16. Kánara ...	51	37	40	1,28	43
17. Panch Maháls ...	84	2,48	76	4,08	1,36
18. Kaira ...					
19. Ahmednagar ...	44	30	21	95	32
<i>Sind.</i>					
20. Karáchi ...	81	77	1,01	2,59	86
21. Hyderabad ...	1,24	69	A	...	96*
22. Lárkhána ...	74	80	A	...	77*
23. Sukkur ...	85	77	A	...	81*
24. Mirpur Khás ...	71	57	55	1,83	61
25. Upper Sind Frontier ...	59	63	53	1,75	58
26. Nawábshah ...	A	68	A	...	68 (one year)

A = Figures not available.

* Two years' average.

STATEMENT II.

Statement showing approximate cost of works which must remain to be carried out by the Public Works Department and probable saving to Local Funds.

District.		Average cost of works carried out by Public Works Department.	Public Works Department Charges.	£ of Public Works Department Charges.	Cost of work which will remain with Public Works Department.
		(Rupees in thousands.)			
1st Class ...	1. Thána	1,63	16	12	41
	2. East Khándesh	2,72	27	20	70
2nd Class...	3. Sholápur	1,68	17	13	42
	4. Ahmedabad	50	5	4	12
	5. Belgaum	76	8	6	19
	6. Dhárwár	67	7	5	17
	7. Sátára	92	9	7	23
	8. West Khándesh	89	9	7	22
	9. Násik	82	8	6	20
	10. Poona	90	9	7	22
	11. Surat	30	3	2	7
	12. Broach	20	2	15	5
	13. Kolába	*14	1	75	3
3rd Class ...	14. Ratnágiri	*18	2	15	4
	15. Bijápur	46	5	4	11
	16. Kápara	24	2	15	6
	17. Panch Maháls	53	5	4	13
	18. Kaira	50	5	4	12
	19. Ahmednagar	85	8	6	21
	Sind.				
2nd Class...	20. Karáchi	27	3	2	7
	21. Hyderabad	27	3	2	7
	22. Lárkhána	17	2	15	4
3rd Class ...	23. Sukkur	3	0.3	0.2	0.1
	24. Mirpur Khás	37	4	3	9
	25. Upper Sind Frontier	7	0.7	5	2
	26. Nawábshah	19	2	15	5

* = Two years' average.

STATEMENT III.

Powers of various Local Board's Engineers.

Powers.	First Class Board.	Second Class Board.	Third Class Board.
<i>Original Works.</i>	Rs.	Rs.	Rs.
1. To sanction new works or additions to the extent of .	2,000	1,500	1,000
2. To sanction trifling alterations in the constructive details of works during their execution in cases of necessity, reporting, as a general rule, their action to the Government Executive Engineer.	...	...	...
3. To divert the provision for contingencies to new works or repairs not provided for in the estimate to the extent of for each item.	500	200	50
4. To sanction the sale of surplus articles at site of any work at their full value up to a limit of.	500	200	50
5.* Construction of works properly estimated and sanctioned.	50,000	20,000	10,000
<i>Repairs.</i>			
6. To sanction ordinary repairs within limits of ...	B u d g e t allotment.	B u d g e t allotment.	B u d g e t allotment.
7. To sanction emergent repairs in case of imminent danger to structure provided that the estimate is sanctioned subsequently by proper authority.	...	Reasonable	amount.
<i>Contracts.</i>			
8. To accept tenders for the execution of sanctioned works by contract up to.	2,000	1,000	500
<i>Tools and Plant.</i>			
9. To sanction the purchase or manufacture of Tools and Plant (not including office furniture and live stock) for each estimate.	300	100	50
10. To sanction the repair of Tools and Plant to each estimate to the extent of.	300	100	50
11. To sanction the writing off the Return of Tools and Plant the full value of which has been recovered.	Subject to	Local Board's approval.	
12. To order any stores in part of a regularly sanctioned estimate subject to the conditions laid down in Appendix and to the limits of.	300	100	50

* See notes at end.

Plans and Estimates.

1. Works costing over Rs. 2,000, Rs. 1,500 and Rs. 1,000 for First Class, Second Class and Third Class Local Boards must have their plans and estimates approved by the Government Executive Engineer.

2. The Government Executive Engineer may sanction plans and estimates for works the cost of which does not exceed Rs. 2,500. For works costing more than Rs. 2,500 plans and estimates must be technically approved by the Superintending Engineer, provided the cost is met wholly from Local Funds.

The Government Executive Engineer is empowered to deal with such cases of the sale of surplus materials, acceptance of tenders for contracts, the

purchase, manufacture, sale and repairs of Tools and Plant to the extent of his powers in accordance with the Public Works Department Code.

Such cases as may be beyond his powers will be submitted by him to the Superintending Engineer of the Division and dealt with by that officer according to his powers.

But in the case of all works being constructed by the Local Fund Engineer whenever higher sanction is wanted it must be obtained from the Local Board.

Executive Engineer should be considered the technical adviser of the President of the Local Boards on all Engineering works.

He will not be responsible for any work being carried out by Local Fund Engineer, but if asked to do so he will inspect the work and give necessary orders.

STAFF REQUIRED BY FIRST CLASS LOCAL BOARD.

Public Works Department officials lent for 3 years—deputation at 1/5 over pay.

			Rs.
Engineering	... 1 Engineer (Provincial Assistant Engineer)	...	480
Subordinate	... { 1 Upper subordinate (Sub-Engineer)	...	300
	... { 1 do. do. (Overseer)	...	100
Assuming 6 talukas	. 6 Lower subordinates at Rs. 50 consolidated	...	300
Accounts and Clerical.	{ 1 Accountant, 4th Grade	...	100
	{ 7 Clerks (3 for Engineer and 4 for Upper subordinates, at Rs. 60, 40, 30, 2 at 20 and 2 at 30, respectively)	...	230
Drawing	... { 1 Draftsman	...	50
	... { 2 Tracers	...	60
Menial	... { 3 Peons for Engineer at Rs. 10, 9 and 8	...	27
	... { 2 Peons for Upper subordinates at Rs. 8	...	16
	... { 1 Chowkidar	...	8
Accommodation	... { Office for Engineer—Rent	...	100
	... { Office for Upper subordinates (2)	...	40
Stores	... { 1 Storekeeper	...	60
	... { 1 Store clerk	...	30
Travelling Allowances.	{ Engineer	Rs. per day.	120
	{ Subordinates { (Upper 3 + 1)	...	120
	{ { (Lower 6 × 1)	...	180
	{ Clerical and menial Re. 1 per day	...	45
Stamps, petty items, cart hire, office boxes, etc.	{ Office contingencies	...	200
Total			2,566
Annual Expenditure			30,792

STAFF REQUIRED BY SECOND CLASS LOCAL BOARD.

With deputation Allowance Rs. 300 to 360.

Engineering	... 1 Upper subordinate (Sub-Engineer) (average)	330
Subordinate	... { 1 Upper subordinate (Overseer)	120
	... { 6 Lower subordinates at Rs. 50 consolidated	300
Accounts and Clerical.	{ 1 Accountant	80
	{ 5 Clerks (3 for Engineer and 2 for Upper subordinate, at Rs. 60, 40, 30, 30, and 20).	180

					Rs.
Drawing ...	...	{ 1 Draftsman	...	...	50
		{ 1 Tracer	...	...	30
Menial ...	...	{ 3 Peons for Engineer (at Rs. 10, 9 and 8)	...	...	27
		{ 1 Peon for Upper subordinate (Overseer)	...	...	8
		{ 1 Chowkidar	...	...	8
Accommodation	...	{ Office for Engineer—Rent	...	...	80
		{ Office for Upper subordinate	...	...	20
Stores ...	...	{ Storekeeper	...	...	50
		{ Store clerk	...	...	20
Travelling Allowances.	{	Upper Subordinate, Rs. 3	...	...	90
	{	Subordinates { Upper, Rs. 1-8-0	...	...	30
	{	Lower, 5 × 1 Re.	...	...	150
	{	Clerical and menial, Re. 1 per day	...	...	30
	{	Office contingencies	...	...	150
Total					1,743
Annual Expenditure					20,916

STAFF REQUIRED BY THIRD CLASS LOCAL BOARD.

Engineering	...	{ 1 Upper subordinate (Supervisor)	...	...	210
		{ 1 Upper subordinate (Overseer)...	...	...	100
Subordinate	...	6 Lower subordinates at Rs. 50 consolidated...	...	...	300
Accounts and Clerical.	{	1 Deputy Accountant	...	...	60
	{	5 Clerks at Rs. 40, 30, 30, 20 and 20	...	...	140
Drawing ...	...	1 Draftsman	...	...	40
Menial ...	...	{ 3 Peons (at Rs. 10, 9 and 8)	...	...	27
		{ 1 Peon for 2nd man (Overseer)	...	...	9
		{ 1 Chowkidar	...	...	8
Accommodation	...	{ Office for Engineer—Rent	...	...	60
		{ Office for subordinate (Overseer)	...	...	20
Stores ...	...	{ 1 Storekeeper	...	...	40
		{ Store clerk	...	...	20
Travelling Allowances.	{	Upper subordinate, Rs. 2	...	...	60
	{	Subordinates { Upper, Rs. 1-8-0	...	...	30
	{	Lower, 6 × 1 Re.	...	...	120
	{	Clerical and menial, Re. 0-12-0	...	...	22
	{	Office contingencies	...	...	100
Total					1,366
Annual Expenditure					16,392

LOCAL BOARD ENGINEER AND STAFF.

Madras Local Fund Code.—Section 122. Adopt and add “who may ask the Executive Engineer, Public Works Department, to advise him, or to examine any work being carried out by the Local Board Engineer. The Executive Engineer will not thereby render himself responsible for such works”.

Section 122A. Adopt, modified as may be required.

Section 122B. The Superintending Engineer will advise on the point of appointment of Engineer for a Local Board. The person shall have obtained the University degree of B.E. or the L.C.E. degree of the College of Engineering, Poona, or an equivalent degree from another University, or the engineering certificate of the D. J. College in Sind, or Rurki College, for the post of Engineer.

Section 122C. For the post of overseer or upper subordinate the person shall have obtained the B.E. or L.C.E. degree, or certificate of D. J. College in Sind or Rurki College. For the appointment of Upper Subordinates, Executive Engineer, Public Works Department, will advise. For the post of sub-overseer the person shall have obtained a certificate of sub-overseer of the College of Engineering, Poona, or D. J. College in Sind, or some equivalent training.

Section 124. The following scale of average salaries is recommended for adoption by Local Boards :—

Local Fund Engineers.

	Average.
First Class (Assistant Engineer) ...	Rs. 480 per month.
Second „ (Sub-Engineer) ...	„ 330 „ „
Third „ (Supervisor) ...	„ 210 „ „

Subordinate Engineer Staff.

1st Class Board ..	{ Sub-Engineer ...	Rs. 300 per month.
	{ Overseer ...	„ 100 „ „
	{ Sub-overseer ...	„ 50 „ „
2nd „ „ ...	{ Overseer ...	„ 120 „ „
	{ Sub-overseer ...	„ 50 „ „
3rd „ „ ...	{ Overseer ...	„ 100 „ „
	{ Sub-overseer ...	„ 50 „ „

Details of Public Works allotments.

Madras Local Fund Code.—Section 302. Statements, *Part III and *Part IV. All works whether new or repairs should be separately entered in these statements.

Section 303. Unsanctioned projects for new works must not be entered.

Section 304. Adopt.

CODE FOR LOCAL BOARD ENGINEERS.

Plans and Estimates.

Madras Local Fund Code.—See Chapter XIII—Plans and estimates.

Sections 426, 427, 428 may be *left out* as these definitions are given in sections 16 and 17 of Bombay Local Board Rules.

Sections 429, 430, 431. Adopt.

Section 432. Adopt 3rd clause and add :—“Marryat’s specifications are the standard in the Bombay Presidency and they should be adopted.”

Sections 433, 434, 435. Adopt.

Section 436. Alter earthwork to 100 c. ft. unit and instead of 1,000 c. ft., adopt 1 cubic foot instead of 1,000 c. ft. for buildings, measuring external dimensions to the height measured from ground level to $\frac{1}{2}$ height of roof.

Section 437. Adopt. Public Works Department schedules will be available.

Sections 438, 439. Adopt. Where “Superintending Engineer” appears substitute “Executive Engineer”.

Sections 440, 441. Adopt.

Section 443. Adopt.

* These parts pertain to Bombay Local Fund Rules.

Sections 444, 445, 446. Adopt.

Section 447. Omit "without the sanction of Government".

Section 448. Adopt. Instead of "without . . . Government" say of the Local Board.

Section 449. Adopt but no diversion of the provision for contingencies to any new work or repair which is not provided for in the estimate may be made without the sanction of the Local Board.

Sections 451, 452. Adopt.

Sections 453, 454, 455. Adopt.

Section 456. For "article 428" read "paragraph 17 of Bombay Local Board Rules". For form 72 some suitable form should be adopted.

Section 457. Adopt.

Section 458. Adopt—alter Form No.

Section 459. Adopt with suitable modification.

Section 460. The powers of Taluka Local Boards can be settled by Local Board Committee.

Section 461. Estimates for original works to be carried out by any Local Board may be sanctioned subject to the provisions contained in article 462 *post* and to the limits* laid down for the three classes of Local Boards.

Section 462. Government Executive Engineer's approval to be obtained to all estimates for original works over Rs. 2,000 up to Rs. 2,500 and Superintending Engineer's approval for works costing more than Rs. 2,500. In the case of other works costing less than Rs. 2,000 Executive Engineer may be consulted.

Section 463. For "Rs. 5,000" substitute "Rs. 2,500", add "over Rs. 2,500" after "costing" in the fourth line of this article. Delete "not more than Rs. 20,000" and for the sentence "But estimates . . . to Government" substitute "But estimates of works to be carried out by Public Works Department, when exceeding the Superintending Engineer's sanction according to the Public Works Code must be referred to the Chief Engineer".

Sanitary Works.

Section 464. Adopt.

Sections 465 to 471. The Sanitary Engineer and his staff's services will be available, in the same way as those of the Superintending Engineer and Executive Engineer.

(For other provisions the Sanitary Board may be consulted by the Local Fund Committee.)

Section 472. Adopt.

Sections 473, 474, with the necessary modifications. Adopt.

Section 476. Delete "where Government authority". Exclude Note 1.

Section 477. Adopt.

Section 478. „ Alter Form No.

Section 481. „

Section 482. „

Section 483. „ Delete "or Rs. 100 whichever is less".

Section 484. „ with necessary modification.

Execution of Works.

Section 485. Adopt.

I	II	III
50,000,	20,000,	10,000.

Sections 486, 487. Adopt.

Utilization of savings. Section 487-A. This may be considered by Local Boards Committee.

Section 488. Adopt.

Section 489. The portion pertaining to minimum allotment will be considered by Local Board Committee. The rest may stand.

Section 490. Adopt.

Section 491. „

Section 492. Delete "A" system contracts.

Section 493. Adopt.

Section 494. Omit last sentence after words "sanctioned estimate".

Section 495. Adopt.

Sections 497, 498. Adopt.

Section 499. Acceptance of tenders as given for the various classes of Local Boards Rs. 2,000, 1,000 and 500 for works, and Rs. 300, 100 and 50 for tools and plant and stores.

The names of firms should be as on Bombay Government Lists.

Section 500. Adopt.

Section 501. Modify as required.

Section 502. Adopt.

Section 503. Modify as required.

Section 504. Adopt.

Section 506. „

Section 507. Government pattern measurement books, forms, etc., should be adopted.

Sections 508 to 513. Adopt.

Sections 514, 515. „

Section 516. Delete "in addition to 79-A" and insert a suitable sentence relating to measurement book adopted.

Sections 517, 518. Adopt.

Sections 519, 520, 521. Adopt.

Section 523. Adopt, and modify as required.

Section 524. Adopt. "The Engineer Government, Public Works Department." The district will ordinarily be divided into two sub-divisions, and a suitable number of talukas in charge of lower subordinates. In a second class district the Engineer will hold charge of a small sub-division in addition to the whole district, and also in a 3rd class district.

Section 525. Adopt.

Sections 526, 527. Adopt.

Section 528. Substitute "sub-overseers" for "Range officers". The Engineer and sub-divisional officers should inspect the work of the lower subordinates as often as they can.

Section 529. Adopt.

Sections 530, 531. Adopt. Suitable form being adopted.

Section 532. Adopt.

Section 533. „

Sections 535, 536, 537, 539, 540. Adopt.

Section 541. Adopt.

The clauses relating to procedure in regard to payments, accounts and returns of Subordinates, Engineers' accounts and records have not been considered. These can be settled in consultation with the Accountant General.

APPENDIX II.

(Vide paragraph 65.)

Paragraph 787 of the Decentralization Commission's Report.

787. Here, again, such large outside control materially reduces the independence of the boards. We are, however, in favour of some control over them in the matter of establishments. Where the district board entertain engineers, paid secretaries or district health officers, the sanction of the Commissioner should be required to the settlement or alteration of the emoluments of such posts or to the appointment or dismissal of the holder. Such control is desirable in order to secure full qualified men for such important posts and to protect officials who may have to incur some local unpopularity in the conscientious discharge of their duties.

In regard to the ordinary rural board establishments, we consider that a sufficient measure of control will be obtained through the promulgation, by the local Government, of model bye-laws or schedules, which shall lay down general rules in respect to such matters as leave, acting and travelling allowances, pensions or provident funds, and the maximum salaries to be given to board officials of various classes. If a board considers that its circumstances warrant the modification of such bye-laws or schedules, the variation desired should require the sanction of the local Government, or, in the matter of salary limits, of the Commissioner.

In other respects, however, we would give the boards a free hand in regard to the creation and filling up of appointments, and full power to punish or dismiss their officials. The appointment, promotion and serious punishment of these should be by the collective board, on the recommendation of the president, while minor punishment might be inflicted by the president, subject to an appeal to the board. We would not, however, allow appeal to an outside authority.

APPENDIX J.

(Vide paragraph 67.)

*Extract from Chapter III of the Central Provinces Education Manual.
(Paragraphs 36 and 37.)*

36. The rules laid down in the Education Manual regarding general management, curricula, discipline and moral and physical training as applicable to a Government school apply equally to Board schools.

Application of Departmental
rules to Board schools.

37. Subject to revision by the Deputy Commissioner, the appointment, promotion, transfer within the district, grant of leave of absence, fining, suspension, reduction and dismissal of teachers in Board schools shall (except as hereinafter provided) rest with the local body.

Control of teachers.

The pay of a teacher employed in a District Council school prior to the date (1st April 1885) of its transfer from Government, and who is consequently rendering pensionable service, shall not be altered, nor shall he be transferred nor dismissed without the special sanction of the Deputy Commissioner.

List of teachers rendering pensionable service in Board schools shall be sent annually by each District Council and Municipality concerned to the Comptroller.

The appointment and transfer of teachers in Municipal High and Anglo-Vernacular Middle schools is vested in the Director. Provided that when the Director proposes to transfer any such teacher with a view to promotion, he shall give due notice to the Municipal Committee, so that if the latter choose to give the increased pay to be gained by transfer they may submit proposals for retaining the teacher whom it is proposed to move. This power may be delegated by the Director to the Inspector as regards teachers drawing pay not exceeding Rs. 25 per mensem.

Without the written permission of the Inspector, or as a purely temporary measure, a person shall not be appointed to be a teacher unless he has the requisite teacher's certificate. A half-yearly statement of newly appointed teachers shall be forwarded by the Local Body to the Inspector.

New appointments on the teaching staff of a District Council shall not be created nor shall any addition be made, whether by way of increase of pay or grant of gratuities or rewards, or otherwise, to the remuneration of any existing appointment on that staff except in accordance with the rules for the time being in force regarding District Council establishments.

APPENDIX K.

(*Vide* paragraph 87.)

No. 3251 of 1915.

From

THE HONOURABLE MR. H. S. LAWRENCE, I. C. S.,
Acting Commissioner, Southern Division ;

F. G. PRATT, ESQUIRE, I. C. S.,
Acting Commissioner, Northern Division ;

C. N. SEDDON, ESQUIRE, I. C. S.,
Acting Commissioner, Central Division ,

To

THE CHIEF SECRETARY TO GOVERNMENT,
Revenue Department, Bombay.

Poona, 29th July 1915.

SIR,

The Commissioners have had under their consideration for the last year the question of the improvement of the financial position of the District Local Boards in this Presidency. In view of the recent discussion on this subject in the Legislative Council we consider it desirable to place Government at once in possession of the result of the enquiries which we have so far conducted, and we submit a note drawn up by one of our members (the Honourable Mr. Lawrence) showing in greater detail the views he holds. With most of the suggestions contained in this Note the Commissioners, Northern and Central Divisions, sympathise; if they do not entirely accept it, it is because they think some further enquiry and discussion desirable before the expression of opinions so definite.

2. It is unnecessary to elaborate the argument that our local revenue is inelastic and wholly insufficient to meet the demands of local needs. The spread of education is awaking a demand for social reform in the widest sense, and the financial resources of District Boards are strained even to maintain the standard of public conveniences provided in the past.

3. Various suggestions have been made in order to secure additional revenues. The Collectors of Districts in which Irrigation, Forests and Excise are important branches of revenue, all press the claim of their Districts to a share on behalf of the Local Board. The weakness of these suggestions lies in the inequality of the assistance that would thus be rendered. For instance, while an Irrigation cess would assist Poona, Ahmednagar and Násik, it would be no help to Kaira or the Panch Maháls; while a Forest cess would bring rupees one-lákh of revenue to the Kánara Board, it would bring nothing to Broach; while an Excise cess in Surat would bring in more than rupees one lákh, in Bijápur it would bring in Rs. 28 thousand.

4. We have the honour to recommend to the consideration of Government the following suggestions :

- (1) That Local Boards be empowered to raise the Local Fund cess up to a maximum of 2 annas in the rupee ;
- (2) That the scope of Chapter XIV of the District Municipal Act, 1901, be extended to include a larger number of important villages and that Notified Areas (which we should prefer to term village panchayats or committees) should assume their share of responsibilities of self-government ;
- (3) That Local Boards be permitted to levy a cess upon the Income Tax ;
- (4) That Provincial subventions be largely increased. (We invite attention to the fact that in 1905 the Government of India granted a subvention of Rs. 7 lakhs on the basis of a contribution of 25 per cent. of the land cess, and expressed the hope that the grant would be maintained by the Local Government at this proportion. This request appears to have been overlooked and the grant has remained unchanged.)

5. The Royal Commission on Decentralization in paragraphs 753 and 754 of their report proposed that District Local Boards should have the management of primary education.

This Commission further proposed in paragraph 749 that the restrictions imposed by law on the execution of Public Works by Local Board Agency should be removed.

We are of opinion that the existing system should be fully examined, and that it may be necessary to revise the law and the regulations on these points.

6. These latter recommendations involve the entertainment by District Local Boards of a well paid Agency of their own, and the details required to be fully considered in consultation with the Educational and Public Works Departments. We content ourselves now with expressing the opinion that the change of system proposed would be beneficial to the administration of these two departments and would result in infusing a new spirit of energy and responsibility into District Local Boards.

We have the honour to be,

Sir,

Your most obedient servants,

H. S. LAWRENCE,

Acting Commissioner, S. D.

F. G. PRATT,

Acting Commissioner, N. D.

C. N. SEDDON,

Acting Commissioner, C. D.

NOTE.

The Government of India in the Review of local self-government which they published with their Resolution dated 28th April 1915 drew attention to the view of the Royal Commission on Decentralization that the want of success of the present system was due "largely to the circumscription of the powers and resources" of the rural Boards. An examination of these two points is therefore desirable.

2. First, in regard to financial resources. A comparison of the growth of the Provincial and Local Board revenues in the last 25 years shows that the expansion of the Local Board revenues has in no way kept pace with the expansion of the Provincial revenues.

During this period the provincial revenues have increased from Rs. 380 lakhs to Rs. 790 lakhs.

The Local Board revenues inclusive of Government subventions have increased from Rs. 43 lakhs to Rs. 81 lakhs, and exclusive of these subventions from Rs. 33 lakhs to Rs. 47 lakhs.

Thus, out of Rs. 410 lakhs of additional Government revenue the increased allotment to District Local Boards has amounted to Rs. 24 lakhs or only 6 per cent.

3. In view of the importance to rural life of the services controlled by Local Boards it is submitted that a considerable enhancement of the provincial subventions would be justified. In order, however, to awaken and strengthen the sense of responsibility of Local Boards, it is most important to give them the power of self-taxation for the benefit of their local areas, and to encourage them to use that power.

This system has been adopted with conspicuous success for the improvement of the roads in England by the Road Board which was created there in 1909. That Board has given large grants to local Highway authorities and has contributed 75 per cent. of the net cost of the improvements. A similar policy would probably be effective in developing a similar spirit of enterprise amongst Local Boards.

4. The first obstacle, however, lies in the Local Funds Act of 1869, which in section 6 fixes the limit of the Local cess at one anna in the rupee, and the first step necessary is the revision of this section. It is true that the Royal Commission in paragraph 774 of their Report disapproved of any proposal to raise this cess. But the Government of India in paragraph 30 of their Review clearly indicate that they are prepared to consider such a proposal on its merits. It is submitted therefore that the law may be amended in this respect and authority be conferred on District Local Boards to raise the Local Fund cess up to the limit of 2 annas in the rupee of the land assessment.

This cess represents Rs. 33 lakhs, or as shown in the Government of India Review, 43 per cent. of the total income; and an increase of this cess would therefore be by far the most important source of revenue derived from additional taxation.

5. The next point to which attention is invited is education. One-third of the Local Fund cess (or Rs. 11 lakhs) is allotted to this head; and Government have recently contributed over Rs. 20 lakhs. There is a general complaint, however, that the buildings are bad and the masters underpaid and it is clear that the expenditure must largely increase in volume as soon as funds can be provided.

6. It is notorious, however, that the schools are attended largely by the sons of traders who pay little or nothing to the rates. In 1899 Government proposed to remedy this anomaly in some degree by enabling the larger villages to be constituted Notified Areas. It was intended that such Notified Areas should levy taxation and contribute to the cost of their schools, medical relief, roads, etc. It was estimated that 246 such local authorities would be established. The Act was modified in Council, however, so as to limit such areas to Taluka Head-quarter towns and towns on the Railway, and in place of 246, last year, there existed in the N. D. 7, C. D. 4 and S. D. 8 Committees. And during these fourteen years since the enactment was framed, the main purpose of the provision has been lost sight of, and very few Notified Areas make any such contribution. The omission can, and, should, be now repaired, and it is suggested for the consideration of Government that the law should be amended by a revision of the definition of a Notified Area in accordance with the original plan. If this were done they should be in a position to give effective assistance to Local Boards in lightening the burden of educational expenditure on the principal schools and in improving, by contributions, the condition of the Local Fund roads, with which their interests are closely bound up.

7. The development of these Notified Areas is of special importance for they represent a most hopeful step in the progress of village self-government; while it is remarkable that their existence and the legal provisions on the subject have escaped the attention equally of the Royal Commission and of the Government of India in their recent Review. Much has been written regarding a village panchayat and the desirability of legislation to establish this body.

In the Notified Area there exists the village panchayat of five persons, and the legal frame-work is ready. It will be a simple matter to bring the provisions into force within the limits now allowed by law, and if the amendment is accepted the system is capable of wide extension.

8. The other sources of revenue proposed by the Collectors are cesses on Irrigation and on the Income-tax. The Irrigation cess is already under the consideration of Government and needs no further discussion. If the suggestion of an increase of the Local Fund cess meets with the approval of Government, the time-honoured problem of the exemption of the non-agricultural classes from all contribution to Local Board revenues will assume still graver proportions ; and it would be well to examine afresh the arguments which have in the past prohibited a local levy on the income-tax. The main objection alleged is understood to have been interference with a source of Imperial revenue. In view, however, of the recent development of income-tax in England and of the fact that the tax in India has remained for nearly 30 years at approximately $2\frac{1}{2}$ per cent. of the income, there seems to be little force in the view that a local levy of 2 annas in the rupee of income-tax would in any degree hamper the operations of the Imperial Exchequer. Such a levy would undoubtedly be popular with the agricultural rate payer and representing as it would 5 annas in rupees one hundred of income it could scarcely be denounced as an injustice by the income-tax payer.

In this connection attention is invited to paragraph 744 of the report of the Royal Commission. The Government of the India were prepared in 1882 to allow Local Boards to levy a license tax. This was merged in the income-tax : and it is now clearly possible to retain the administration of the income-tax under Government management and at the same time to grant to Local Boards a share in the additional revenue that may be levied.

9. To return now to provincial subventions—suggestions have been made that all District Local Boards should share in the Forest and Excise revenues collected within their districts. This measure would result in grave anomalies. However, the fact that these and other resources of the Provincial Government have increased greatly in recent years appears to justify the claim of all District Boards to liberal assistance. It is true that liberal grants have been made in recent years for specific objects. But it is very respectfully submitted that this system of ear-marked doles is not fully adopted to awaken a spirit of responsibility in Local Boards.

Two objections of weight will no doubt be urged :—

Firstly—that if the system suggested in paragraph 3 of an allotment in proportion to local contributions be adopted, more assistance will be given to the richer boards than to the poorer. To this it may be replied that the adoption of this principle would not debar Government from granting such further assistance as may be necessary in cases of genuine poverty.

Secondly—that the provincial revenues do not permit of liberal grants. In reply, it may be pointed out that the grant for Public Works alone has increased in the last 25 years from Rs. 40 lakhs to over Rs. 100 lakhs, and that the necessities of the current year have been met by reduction from Rs. 105 lakhs to Rs. 72 lakhs.

It is for Government to weigh the comparative importance of continuing the progress of Public Works on the scale recently adopted and of the equipment of Local Boards with adequate financial resources.

10. There remains for consideration the question of the powers of the District Boards and this question assumes chief prominence in respect of the Educational and Public Works Departments.

11. *Education.*—The educational expenditure of District Local Boards has increased from 14 lakhs in 1891 to 32 lakhs in 1913-

<i>No. of Schools.</i>		
	1891.	1914.
N. D.	1,195	1,751
C. D.	1,539	2,857
S. D.	1,227	2,100
	<u>3,971</u>	<u>6,708</u>

14. The number of schools has increased as shown in the margin. The three Educational Inspectors are responsible for all questions connected with the appointment, promotion, transfer and leave, etc., of 12,000 village school masters. Such centralization is detrimental to efficiency. All these officers are

overwhelmed with petty details of unimportant work. It is submitted that in accordance with the practice followed in certain other provinces of India the management of primary schools should be entrusted to an educational committee of the District Local Boards.

12. *Public Works.*— The restrictions on the power of the District Local Boards are contained in sections 57 and 61 of the Local Boards Act. The law requires that for every work which costs in the case of a road over Rs. 50 per mile or in any other case Rs. 500 in total, the plans and estimates shall be prepared and approved by the Government Executive Engineer, and the executive orders of Government further prescribe that every work which costs over Rs. 2,500 shall be executed by the Government Executive Engineer.

13. The result has been, firstly, to discourage the District Local Boards from entertaining a competent staff of their own, and, secondly, to overwhelm the Government Executive Engineers with a volume of work of comparatively trivial importance. Moreover, the increase in purely Government work of the Department has been out of all proportion to the increase in the staff of the Department. Twenty-five years ago, the Public Works Budget averaged some Rs. 40 lakhs. In 1913-14, it exceeded Rs. 100 lakhs. The increase in staff has been in comparison very slight. There can be no doubt that if the District Local Boards were enabled to entertain an efficient staff much relief would be given to a department which is now taxed to the limit of its resources.

14. Finally, with reference to the staff of District Local Boards. At present all the supervision and a large share of the executive work are given to Local Boards free of cost by the Revenue and Educational Departments. It is unnecessary to consider at this stage what connection the Revenue Department should retain in this work, but it would appear desirable to create for the District Local Board a separate executive establishment.

For educational work the Educational Department will probably be able to transfer the services of several Deputy and Assistant Educational Inspectors, and Government would be able to contribute the sum represented by their salaries.

For Public Works, the District Local Boards are already charged 10 per cent. if the work is executed by the Government Engineer and $1\frac{1}{2}$ per cent. for the use of Provincial tools and plants, and $2\frac{1}{2}$ per cent. if the plans and estimates are prepared by this officer. Savings on these items will go some way to meet the cost of the Local Fund Engineering staff.

A secretary will be required of a position enabling him to exercise authority over these departmental officers. But the total additional cost of this reorganized staff should work out to a small percentage of the revenue and expenditure for which they would be responsible.

23rd July 1915.

H. S. LAWRENCE.

APPENDIX L.

(*Vide* paragraph 96.)

Extract from "Public Finance" by C. F. Bastable, M.A., LL.D., p. 369.

Income and property taxes are equally unavailable, though for a different reason. Both are essentially personal and apply to a given individual. Now to tax a person on his income for the service of the locality in which he resides is open to the double objection that it is likely to be evaded and is grossly unfair. Local authorities have no efficient machinery for detecting concealed incomes, they are in a worse position than the English revenue officials in regard to foreign investments where failure is admitted. The mere moving from the area for part of the year would upset the arrangements. As to unfairness, Mr. Goschen's view seems conclusive. "It appears to be impossible to devise an equitable local income tax, for you cannot localise income. An attempt was made in Scotland, and it broke down when an English Lord

Chancellor, who drew his £10,000 a year in London, but had a small place in Scotland, was made to pay income tax on the whole of his income in that country as well as in this." No real correction could be made without exempting all income earned outside the district, or in other words, changing the income tax into a partial produce tax. No matter how large the local division may be the same objection lies. American States and Swiss cantons are as little suited for the application of separate income taxes as England, Ireland and Scotland. Owing to the variety of modern incomes and the trouble of following them to their sources, the income tax should always be general.

APPENDIX L-1.

(*Vide* paragraph 96.)

Extract from the Report of the Royal Commission on Local Taxation in England and Wales, p. 13.

The Elizabethan Poor Rate was perhaps originally intended to be something like a local income tax, and the practice of rating on "means and substance," which continued in some parts of Scotland down to our time, was very similar. It is, however, clear on reflection that a local income-tax, *i. e.*, an income-tax imposed and levied by Local Authorities within their own district tends more and more to be incompatible with modern social and political arrangements. The very conception is indeed obscure, for to what locality does an income belong? To the place or places from which it is derived? Or to the place or places where it is enjoyed, *i. e.*, where the recipient more or less permanently resides?

In the first place it is probably becoming less and less common to find persons in receipt of large incomes who have a single fixed place of residence, and the problem at once arises as to the allocation of the taxable income among the two or more districts in which the recipient from time to time resides. And the class of persons who for considerable periods have actually no fixed place of residence, but move about irregularly as business or pleasure suggests, though not very great, would be enough to cause most serious administrative trouble and expense.

But even if these difficulties were surmounted, they are small compared with those involved in the question whether the income should be taxed at its source, or its destination. It is, of course, conceivable that income should be taxed at its destination only, *i. e.*, when it reaches the hands of the recipient in the district where he resides. The technical objections alone would, in fact, be fatal to such a scheme, for it would dislocate our income tax system, and multiply indefinitely the fraud which that system has slowly reduced to a minimum. But apart from this practical difficulty, would a local income tax on such lines really satisfy anyone? Circumstances not unnaturally often lead wealthy people to congregate in districts far from those in which the sources of their wealth lie. In such districts the present system of local taxation is not oppressive, and relief is little needed. But many purely agricultural and industrial districts number very few wealthy residents, and a tax on the incomes of the inhabitants would be more burdensome and less productive than the present rates.

Probably, however, any scheme for a local income tax would attempt to tax incomes at their source as well as at their destination. But the difficulties here are still more baffling. Thus the income of a great landowner would have to be divided up not only between the districts in which he may reside, but also between those in which his property is situate. This, however, is a simple case. There are many large organisations which carry on business in scores of districts in such a way that it is almost impossible to say what proportion of their profits is derived from any of those districts. In what districts are the incomes of the thousands of shareholders in these concerns to be taxed? Instances of the chaos that would ensue might be indefinitely multiplied.

APPENDIX L-2.

*(Vide paragraph 96.)**Extract from "National and Local Finance" by J. W. Grice (pp. 295-298).*

In order that any proposal to allow the local authorities to levy additions to the central income tax on the pattern of Prussia may be adequately considered in full knowledge of all accompanying conditions, it is necessary to point out certain essential differences between the Prussian income tax and our own.

First, it is fixed for a number of years; it is not so much regarded by the central authority as the "sheet anchor" of its finance and liable to frequent alterations to make up deficiencies from other sources of revenue. Again, it is more highly graded, and all incomes over 3,000 marks are compulsorily "declared"; the land and business taxes are concurrent and not absorbed on the pattern of the English schedules, therefore there is to some extent double taxation; finally, and most important of all from the point of view of allowing additions to it, it is much less in amount for central purposes than in England (in Prussia it realised only £9,300,000 in 1903), and it is not, as in the English case, very largely levied at the source.

It will be remembered that the income tax additions of the communes, which constitute a surtax on the State income tax, on the same assessment and according to the same scale, are the only form of personal tax allowed to the local authorities, the complementary tax on capital being reserved to the central Exchequer. The State income tax includes all incomes over 900 marks, but the communes may subject to their additional percentages all incomes commencing from 420 marks, the prescribed rates below 900 marks being—from 420 to 660 marks, 2 marks, 40; from 660 to 900 marks, 4 marks. The communal authority draws up the list of tax-payers, which is submitted to the Assessment Commission, and is subject to revision by the Appeal Commission, and finally by the highest administrative tribunal—the Oberverwaltungsgericht.

As with the State tax, those subject are—(a) all persons who reside in the commune; (b) or stay there for three months; (c) or, without residing, or staying the statutory period, have landed or house property, commercial or industrial establishments, or exercise there a business or trade; (d) companies; (e) any other body of public utility (including the State) holding property therein or engaged in any profitable enterprise. Many professional persons and service functionaries both military and civil, and philanthropic foundations and institutions are by law exempt.

With respect to the State contributions, the tax is paid on the total income. But as soon as we enter the area of the local additions many perplexing problems arise. Any particular commune primarily has only a claim on that part of the income arising out of property held or business carried on in its own area.

On the one hand, for sample, a person may live in Berlin and possess there no property, nor pursue any vocation, and draw income from sources situate in other communes; and if those sources be situate in a number of communes, as is becoming more frequently the case, their interests as against one another and Berlin at once come into conflict. Two general rules serve as a first guide in allocating the proceeds, which are complementary or mutually exclusive according to circumstances. First, the quarter of the income of the tax-payer is subject to the communal additions of the commune where he resides usually, or where he has resided during any three months of the year, even if the sources of income are not situate in the commune. If he has resided in two or more communes for the legal period, even if his income is derived from none of them, the quarter of the tax will be shared among the communes in which he is liable. By the second rule, the income arising from immoveable property is only subject to tax in the commune where it is situated.

By virtue of the first rule, when the income has its source outside Prussia, or partly in Prussia and partly outside, the commune where the tax-payer resides will receive the tax on a quarter of his total income, and not merely on

that portion arising from a source in Prussia. Thus a tax-payer pays, for example, at Berlin 52 marks of tax to the State for an income of 2,800 marks from business carried on there: but if he possesses property in Vienna which brings him in 30,000 marks, his total income is 32,800 marks, and Berlin, in its capacity as the place of residence, will levy a tax on a quarter of his whole income, namely, 8,200 marks.

By virtue of the second rule, the right of levying the tax belongs in the first instance to the commune in which is situated the fixed property, or where the business or industrial concern is carried on from which the profits arise. If other communes have also the right of levying a tax, because the tax-payer has resided there more than three months, the first commune will lose a part of its right to the whole amount.

From this circumstance arise contingencies and possible cases for which a whole code of numerous and complicated rules have had to be formulated, and which are rendered possible in working by (1) the Prussian system of registration and close administrative control of all the various kinds of fixed property and sources of income; (2) the very general opinion that in spite of the many apparently vexatious regulations the system does, in the long run, work out fairly; and (3) the readiness with which the required self-declaration has been accepted for all incomes over 3,000 marks.

APPENDIX L-3.

(*Vide* paragraph 96.)

Extract from the Report of the Departmental Committee on Local Taxation in England and Wales (pp. 75-76).

(2) *Local Income-Tax as a Subsidiary Source of Local Revenue.*

278. The principal exponent of the second proposal was Lord St. Aldwyn, who cited the Prussian system of local taxation and wishes to see the question fully examined by experts in the light of the experience gained in that country. This was, in fact, done by Messrs. Braithwaite and Ninnis, of the Inland Revenue Department, in 1910.

By the courtesy of the Commissioners of Inland Revenue we have been supplied with a copy of their report, and it is published, for the first time, in the Appendix to this Report.

279. Some of the witnesses before the Committee were in favour of the proceeds of the local income-tax being applied to national services in part satisfaction of the claim of local authorities on the Exchequer in respect of these services. This would, however, be open to the objection as placing on one class of contributors to the national Exchequer a burden which should be borne by the nation as a whole.

280. But under the scheme sketched out by Lord St. Aldwyn there would be a direct contribution from the general revenues of the Exchequer to local authorities for certain services in place of the present system of assigned revenues and the local income-tax would supplement the rates as a source of local revenue.

To minimise the administrative difficulties he proposed that the power of imposing the tax should be restricted to the county and county borough authorities. The actual machinery of assessment and collection would be in the hands of the Board of Inland Revenue, the local authority merely sending in its precept for the sum required. The proportions in which revenue would be raised from rates and the local income-tax would be determined according to certain rules, somewhat on the analogy of the Prussian system. All unearned income that could be localised would be taxed in the area from which it was derived, the income from enterprises extending into several rating areas being divided among those areas in proportion to the rateable value of the property occupied in each. Earned income and income from foreign investments would be taxed in the area of residence. In all cases the tax would be

levied on the same basis as the present income-tax, *i. e.*, subject to the same exemptions, abatements, etc.

281. We have submitted these proposals to the Board of Inland Revenue, and in a reasoned memorandum, printed in the Appendix, they have expressed the opinion that they are incompatible with the present system of collecting income-tax at the source. We agree with their arguments and their conclusions.

They state, however, that subject to two conditions it would not be impossible, though difficult, to work the combination of a local income-tax at varying rates with an imperial income-tax at a uniform rate, while maintaining the principle of collection at the source. These are

- (1) that the local income-tax should be assessed and collected in the first instance, at a maximum rate, subject to the right of individual taxpayers to repayment of the difference between the tax at that rate and at the rate imposed in the area in which they reside ;
- (2) that the proceeds of the tax be allocated by reference to the place of residence of the individuals who receive and enjoy the income.

But the Board point out that the first condition would involve the withdrawal of considerable sums from the taxpayer in excess of the amount ultimately due, and cause much trouble and expense in connection with repayments. The second condition would, in the opinion of the Committee, give rise to such inequalities between residential and industrial districts as practically to destroy the value of the scheme.

282. The only alternative, the Board consider, would be to adopt the system of direct assessment for local purposes based upon returns from individual taxpayers. They adduce convincing reasons against the adoption of this method of collecting the national tax, and we think that the risk of evasion and the difficulty of allocating the income of each taxpayer between the several areas from which it is derived, or in which he resides, would be too great to justify the setting up of a separate system for local purposes only.

In addition to the administrative difficulties referred to above, we are of opinion that a local income-tax would materially interfere with the usefulness of national income-tax as a source of revenue. On the above grounds we are unable to recommend the proposal.

APPENDIX M.

(*Vide* paragraph 99.)

Extract from the Report of the Royal Commission on Local Taxation in England and Wales (p. 21).

It is, however, to the other classes of the revenue, surrendered by Mr. Goschen in 1888, that we are inclined to look for the means of taking the first practical steps for placing Local finance on a sounder and broader footing, *viz.*, to what are known as the Local Taxation Licenses.

Local Taxation Licenses might furnish further assistance to local funds.

These Licenses are of two descriptions, (a) those required to be taken out by particular classes of traders whom the State desires, for one reason or another, to place under supervision or regulation, and (b) those to be required to be taken out in respect of particular items of more or less luxurious, or at least non-essential expenditure, *viz.*, the Establishment Licenses taken out for Male Servants, Carriages, Armorial Bearings, Guns and Game, and Dog Licenses.

With regard to the Trading Licenses we may observe that they appeared to Mr. Goschen, as they do to ourselves, to afford a most appropriate means by which the burdens imposed upon the owners and occupiers of rateable property may be relieved. Many of those Licenses are required to be taken out in respect of particular premises, and the profits of the trader are drawn for the

Trading Licenses might, in some cases, be increased.

most part from the immediate locality in which his business is carried on. Some of them, at any rate, might be substantially increased without any great hardship, and although it is, perhaps, beyond our province to consider this side of the question, we may at least refer to a suggestion which has obtained considerable support, *viz.*, that a sufficient proportion of the value attaching to the Licenses for the sale of intoxicating liquors is not in all cases, *e.g.*, in the case of hotels, reserved for the benefit of the community. We would also refer to the fact that the Stamp Duties paid on the licenses and certificates, required to be taken by bankers and solicitors—and there are one or two other similar imposts—still form part of the Imperial scheme of finance although there is no distinction in principle between these imposts and those which have already been surrendered.

The Establishment Licenses appear to us, also, to be particularly well adapted for assignment to the Local purse, and to be capable of considerable development. Indeed, by this means, some of the great drawbacks to the existing system from the point of view of the occupier, may be counterbalanced. We have already called attention to the fact that a man's rent does not increase in proportion to his income, and that many a man of comparatively small means is compelled by family or other considerations to occupy a house of equal or even greater value than his richer neighbour. Anomalies such as these can readily be adjusted by means of the License Duties on expenditure of the character referred to.

The increase and development of these Duties, and those on the Trading Licenses to which we have referred, would involve no increased draft upon the existing resources of the Exchequer, and in them the ratepayers may be said to possess a property capable of development and improvement, and one which may be made the means of affording considerable relief from the existing burdens of local taxation.

APPENDIX N.

(*Vide* paragraph 99.)

Extract from the final report of the Departmental Committee on Local Taxation (pp. 76 and 77).

283. In default of a local income tax, Lord St. Aldwyn suggested that the basis of local taxation might be broadened in the following ways:—

- (a) By extending the system of local license duties and handing them over to the county and county borough councils.
- (b) By remodelling the inhabited house duty with reference to the comparative cost of house accommodation in different parts of the country and transferring it to the same authorities.
- (c) By empowering these authorities to levy other local duties, such as a tax on amusements.

Similar suggestions were put forward by Mr. Haward on behalf of the London County Council, and the transfer of the inhabited house duty was also supported by Mr. Sabin, a representative of the Surveyors' Institution.

284. In this connection we have also had under consideration the provisions of section 91 of the Finance (1909-10) Act, 1910, assigning to local authorities one-half of the land value duties levied under that Act. The operation of this section has been suspended by section 16 of the Revenue Act, 1911, until Parliament shall otherwise determine, but not beyond 31st March 1914.

(I)—*The Retention of the Establishment License duties by Local Authorities.*

285. At first sight there would appear to be something to be said for making an exception in the case of the Establishment License Duties to our

general recommendation in favour of the reversion of the assigned revenues to the Exchequer. These duties possess marked local characteristics, and their collection locally presents no great difficulties; in fact the responsibility for collection rests at present with the local authorities. The justification for several of these duties lies not in their revenue-producing capacity, but in the fact that they bring the license-holder to some extent within the sphere of police control.

On the other hand it may be pointed out that they still retain many of the characteristics of a national tax. The duties are fixed by Parliament uniformly over the country and the licenses in respect of which they are levied have a national currency. Also the absence of any restriction on the licensee to take out his license in any particular local Government area, *e. g.*, that in which he resides or in that in which he carries on his business, makes an equitable allocation of the proceeds of the duties extremely difficult.

A still more serious objection, in our opinion, is that the continued assignment of these revenues to local authorities involves depriving the Imperial Exchequer of a potential source of Revenue. If at any future time the Chancellor of the Exchequer wishes to draw on these objects for additional taxation, it would be necessary either to restore them to the Exchequer or to convert them into fixed grants.

The question does not, in our view, affect the amount of the Exchequer aid, but only the form in which it should be given. In these circumstances we prefer the method which is best calculated to promote the efficiency of local administration and to reduce the inequalities between local Government areas, *viz.*, that of direct grants.

286. We propose, therefore, that the Local Taxation License Duties should revert wholly to the Exchequer, and it would logically follow that local authorities should be relieved of all responsibility in connection with their collection.



INCOME & EXPENDITURE OF LOCAL BOARDS.

FIGURES EXPRESSED IN
LAKHS OF RUPEES.

Black lines show Income.
Red " " Expenditure.

APPENDIX P.

(Vide paragraph 115 (2).)

Summary of the Schedule of License Fees levied in Madras City.

Class.	Arts, Professions, Trades and Callings that are taxed.				
	Companies.	Yearly fee.	Salaries.	Yearly fee.	Others.
I.	Capital exceeding Rs. 20 lakhs...	Rs. 500	Rs. Exceeding 5,000 monthly	Rs. 350	(1) Merchants, bankers, contractors, ship-owners, traders, auctioneers, Commission Agents or any Agents or servants in charge of business of the aforesaid persons when the principals are non-resident.
					(2) Editors or Proprietors of Newspapers.
					(3) Keepers of any Warehouse or produce Depot.
					(4) Dubashes, Brokers, etc.
					(5) Practising Barristers, Pleaders, etc.
II.	Capital ranging from Rs. 3 lakhs to 20 lakhs ...	150-350	3,000-5,000	250	(6) Practising Physicians, Surgeons, Architects, Civil Engineers ...
	Capital from Rs. 2 lakhs to 3 lakhs ...	100	2,000-3,000	150	(7) Owners of Markets, Hotel-keepers, Shop-keepers, etc.
					(8) Owners of any Printing Press, Press for cotton, jute etc., of any Coffee cleaning establishment, Mill or other industry.
					(9) Professional Artists, Manufacturers, Painters, Photographers, Actors, Musicians, Dancers, and dealers of every description not specified above.
III.	Capital from 1 to 2 lakhs ...	50	1,000-2,000	75	Do do. do. not assessed under class I, and Veterinary Surgeons, Surveyors, Apothecaries, etc.
IV.	All other companies	35	750-1,000	35	Do. do. do. not assessed under class I or II and Hakims, Vaidyas and Native Medical practitioners.
V.		...	500-750	20	Do. do. do. not assessed under Class III
VI.		...	200-500	10	Do. do. do. not assessed under Class IV
VII.		...	100-200	5	Do. do. do. not assessed under Class V

